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National War Labour Board

Proceedings

Labour Relations and Wage Conditions in  
Canada

No. 1-3





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# NATIONAL WAR LABOUR BOARD

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## PROCEEDINGS

Official Report

No. 4

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SUBJECT:

### Labour Relations and Wage Conditions in Canada

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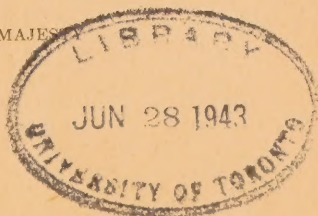
HEARING: OTTAWA

DATE: MAY 14, 1943

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OTTAWA  
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1943







# NATIONAL WAR LABOUR BOARD


## LABOUR RELATIONS AND WAGE CONDITIONS IN CANADA

### VOLUME IV

(Hearing of May 14, 1943)

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**NATIONAL WAR LABOUR BOARD  
LABOUR RELATIONS AND WAGE CONDITIONS  
IN CANADA**

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Proceedings of Public Inquiry held in the Board Room of the Board of Transport Commissioners for Canada, Union Station, Ottawa, on Friday, May 14, 1943, commencing at 10.30 a.m.

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PRESENT:

The Hon. Mr. Justice C. P. McTague, J. A., Chairman

Mr. J. L. Cohen, K.C., Member of the Board

Mr. Léon Lalande, Member of the Board

Mr. D. G. Pyle, Secretary

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APPEARANCES:

Angus MacInnis, M.P.....Cooperative Commonwealth Federation

Clarence Gillis, M.P.....Cooperative Commonwealth Federation

David Lewis.....Cooperative Commonwealth Federation

R. J. Deachman.....

J. A. Sullivan.....Trades and Labour Congress

Miss Ray Rootenberg.....RCA-Marconi Local 1028-B, International  
Brotherhood of Electrical Workers,  
Montreal

D. S. Lyons.....International Association of Machinists





FRIDAY, May 14, 1943; 10.30 a.m.

Pursuant to adjournment the hearing was resumed at 10.30 a.m.

The CHAIRMAN: Mr. MacInnis, will you proceed?

Mr. ANGUS MACINNIS: (Co-operative Commonwealth Federation): Mr. Chairman and Members of the National War Labour Board, as mentioned when we appeared here on May 5th, we have now prepared a more extensive brief on the subject mentioned, and we are glad of this opportunity of appearing before you and presenting it.

In presenting our views on labour industrial relations, we wish to commend your decision to undertake this inquiry in order to find the obstacles to harmonious labour management relations in industry. In our opinion harmonious relations between employers and workers are not only necessary because of the urgent war needs of the present, but equally necessary because of the many problems of re-organization and readjustment which will confront us after the war is ended.

We are firmly of the opinion that if we are to meet successfully the problems of to-day and to-morrow, we must first formulate and then apply a social philosophy capable of meeting the demands of rapidly changing conditions in the field with which we are now dealing.

Later in this submission we give what we believe to be the chief causes for the unsatisfactory condition of labour relations in Canada.

From close and continuous observation of the labour situation since the outbreak of the war, we are convinced that the great majority of the stoppages of work could have been avoided if employers and the government had realized that collective bargaining is a necessary factor in twentieth century industrial production. Very few comparable countries are as backward as Canada in the matter of labour organization. If workers in Canada were organized to the same extent as are the workers in Great Britain and Australia, to mention but two countries, the number of organized workers would be nearer 1,500,000 than the bare half million organized in Canada to-day.

I think that bare half million is a little too high. I mentioned Australia and Great Britain. The last figures from Great Britain show that there are about 7,000,000 organized workers, which would be one in six of the population.

Mr. COHEN: That is roughly about the same as the situation in Sweden. They have about one million out of a population of six million.

Mr. MACINNIS: In a little book prepared by Professor Logan of the University of Toronto in 1941 or 1942 it was said that in Australia one out of seven of the population was a member, while in Canada the number is about one in twenty-eight.

In other nations of the British Commonwealth and in nearly all democratic countries throughout the world, the fight for the right to organize has been won. Labour organizations have become a part of the social fabric.

In Canada, however, the struggle still continues. Strange as it may appear, in Canada we find this anomaly: Employers urge vociferously and energetically the necessity of destroying totalitarianism before it destroys us, and at the same time they refuse to grant their employees the elementary right to a voice in determining the terms under which they will work. In other words, certain Canadian employers insist on main-



taining in that field of social relationship over which they have control, the totalitarian system which Hitler first imposed on the people of Germany and is now trying to impose on the peoples of the world.

We would draw the attention of the Board to a case which recently came to our attention where a British employer insisted that he had the right to run a non-union shop. A court of inquiry was appointed under the Industrial Courts Act of 1919. The court after hearing evidence from both sides, found that the fundamental cause of the dispute was the "stubborn refusal of the management to deal with the union", and stated that such an attitude was bound to lead to a dispute and a possible stoppage of work—which had in fact occurred. Without union recognition, the court said, "it is difficult to see how the girls could show their sympathy with the dismissed girl without some form of demonstration".

I might mention in this connection that what might be called a strike developed because of the dismissal of the girl.

The court further said that without collective bargaining other troubles would arise and recommended to the company that it adopt the well-trying method of recognizing and dealing with the union, because it is a duty to the country "to fall in line with the vast majority of other good employers and assist the government in the accepted method of conciliation".

Mr. COHEN: Are you familiar with that case? I think it went farther than just a recommendation to the company.

Mr. MACINNIS: I had the proof of that at one time. I think it can be found in the records of the Labour Department. The court, I am informed, issued an order.

Mr. COHEN: That is something that happened about a year and a half ago?

Mr. MACINNIS: Yes, that is right.

We stress the point of the necessity of labour organization and union recognition not so much for the purpose of converting the members of this Board to the idea, but because we want to support the Board in a point of view which we believe its members already hold. In support of that, we take the liberty of quoting from the report of the Conciliation Board in the dispute between certain shipping companies and the Canadian Seamen's Union.

This was in 1941.

This report, which was signed by the Chairman and another member of the present Board, contains a statement which we think cannot be improved upon for its clear understanding of the rights and position of labour to-day.

"The abstract rights which it is now conceded belong to labour, can only be said to exist in a concrete sense if collective bargaining is practiced and collective agreements are concluded. It cannot be said too clearly that labour can no longer be regarded, if it ever was correct so to do, merely as a commodity. Labour is a partner in industry, and as such it is entitled to have not only the right to organize but the corresponding right and opportunity to utilize its organization for collective negotiation and agreement with employees."

Personally I would go farther and say that labour to-day should not only have the right to organize and enter into agreements, but should have a share in the management of industry.



Every person capable of thought who does not belong intellectually to the middle ages, recognizes that unionism is not merely an instrument for the protection of the workers but is also an indispensable part of the democratic process as a whole. Through organization the workers have everywhere made important contributions toward order and efficiency in production. They have raised the standard of living and the level of social responsibility not only of the organized but of all workers. These democratic functions of labour organizations are just as important to the welfare of the community as a whole as its functions in protecting the members themselves in the fields of wages and working conditions.

The Board will, no doubt, recall that in our brief submission on April 16th, we listed what we considered to be the five main causes for the unsatisfactory state in the field of labour relations in Canada. The best procedure, we think is to state these causes again and to deal with each in turn:—

- (a) The hostile attitude of employers and authorities toward the organization of labour.
- (b) The lack of adequate legislation to guarantee recognition of a union and collective bargaining with it, once it has been organized.
- (c) Lack of adequate machinery to settle disputes sympathetically and expeditiously.
- (d) The fact that labour has little or no representation on the various boards and committees which, in effect, control the position of the workers of Canada for the duration of the war.
- (e) The unfairness of the Wage Stabilization Order, particularly as applied to the lower brackets, and the unsympathetic way in which it has so far been administered.

#### I. *The Attitude Toward Labour Organization*

There is, perhaps, no need to spend much time illustrating the statement that too many Canadian employers persist in an antiquated and anti-social opposition to labour unions. The chairman and one other member (Mr. Cohen) of this Board were members of the Conciliation Board which acted in the case of the Kirkland Lake dispute. They will no doubt recall the attitude of the gold mining operators involved in that dispute. It was tellingly summarized in the Conciliation Board report, which, it should be emphasized, was unanimously—

That is, the employer's representative as well as the employee's representative, and the chairman concurred in the report.

Mr. COHEN: In fairness to Mr. Wilkinson, who was on that Board, you might say that of the seamen's report.

Mr. MACINNIS: To continue:

—and it is of value to quote the relevant passages of the report:

"No attempt was made by the employers to establish that the particular local did not represent the majority of the employees. No evidence was offered by the mine operators to establish that the union is not a proper union to represent their employees. The assertion was made that it is irresponsible and that the operators were unalterably opposed to bargaining with it, but no evidence of real value was offered in support of the proposition.

"At a comparatively early stage in the proceedings counsel for the operators informed the Board that his clients were unalterably opposed to recognizing the union and wished to withdraw from any further participation in the proceedings.

In the circumstances we feel there is no other course to follow but to recommend that the union in question should receive recognition as bargaining agent. We are under no illusion that the recommendation is likely to be more than a mere formality. The manner in which the case for the mine operators was conducted leaves little if any doubt on the proposition."

The result of the attitude of the mine operators is now quite well known; it is a matter of history. It ended in a long and bitter strike, solely because the mine operators refused to accept modern methods of dealing with their employees.

The whole tone of the representations made to this Board by the Canadian Manufacturers' Association on May 6 had the same ring of antagonism toward union organization. Imputation of the motives of "certain" union representatives, of the role of unions and of their objectives abound on almost every page.

The Manufacturers' Association, I may say, were good enough to give us a copy of their submission.

At the present time, we are informed, there are nine Boards of Conciliation pending in the city of Galt. In each case, and by concerted action, the employers have refused to recognize the union in their plants, in spite of the fact that a majority of the employees concerned are actually members of the union. In each case, also, it may be added, a so-called employees' association has been set up with the help and encouragement of the company or companies concerned.

Employers seem to be developing new and numerous devices in their determination to frustrate the growth of unionism. The most recent one appears to be a condition by employers that they will become party to collective agreements only if the negotiating committee under the agreement be elected anew by all employees in the plant, irrespective of union membership.

Mr. COHEN: The only thing that occurs to me about that statement is that I do not know why you suggest that the attitude is recent. As far back as 1919, when the industrial conference was held, that was the attitude taken by the employers' section of the joint committee which dealt with collective bargaining. They said in effect that no employer should be required to recognize a union or to deal with anybody except a committee of his own employees.

Mr. MACINNIS: They should have to deal not only with the employees where they are members of the union, but with all the employees whether they are members of the union or not.

These few examples are sufficient to illustrate the point. There is little doubt that in too many cases private employers are violently opposed to unionism, spend a great deal of money and effort in combatting and slandering labour organization. Like the Bourbons, they learn nothing and forget nothing. They fail completely to appreciate the requirements of modern industry and present-day democracy. They refuse to accept and apply the supreme logic and social vision contained in the statement which we cited earlier from the report of the Conciliation Board in the case of the Seamen's Union.

It is our belief that this anti-union attitude might by now have been broken down by the developing democracy in Canada and by public opinion, were it not for government-owned or government-controlled industry. The C.B.C., National Steel Car, after it was placed



under the control of the Department of Munitions and Supply, Research Enterprises and numerous other cases could be cited in which the government or its agency refused to enter into collective agreements with labour unions. A fiction was established on the basis of an uncorroborated opinion by the Department of Justice, that these concerns are emanations of the crown and are therefore for some mysterious reason, unable to enter into collective agreements with their employees.

Mr. COHEN: What do you mean by the term "uncorroborated opinion"? Does the word "that" refer to "opinion" or to "fiction"?

Mr. MACINNIS: It refers to the word "opinion", fiction does not need to be corroborated.

In this connection, we would draw the attention of the Board to the situation in Great Britain. This is authoritatively outlined in a letter from Sir Walter Citrine, Secretary of the British Trades Union Congress, to Angus MacInnis, M.P. for Vancouver East and may be found on page 5167 of Revised Hansard for August, 1942. It will be of interest to read this letter to the Board:

"Thank you for your letter of the 19th of March, which I received yesterday, in which you raise questions as to the extent or recognition afforded the British trade unions by the government and government-controlled industries. In the first instance I would like to clear up the point which was made by your Minister of Labour to the effect that "the situation in Great Britain is that no union in government departments is recognized that is an affiliation with any outside union." This statement apparently refers to the operation of the 1927 Trade Union and Trade Disputes Act which prohibits established civil servants from belonging to any trade union except those which confine their membership to persons employed permanently in an established capacity by or under the Crown; and also prohibits such civil service trade unions from affiliating to organizations which include non-civil servants. That Act, however, does not prohibit employees of either government factories or government controlled establishments, i.e., royal ordnance factories, etc., from becoming members of their appropriate trade union, and these employees are, in fact, enrolled in such unions as the Amalgamated Engineering Union, the Transport and General Workers' Union, the National Union of General and Municipal Workers, and a score or so of others, all of whom are affiliated to the Trades Union Congress.

It is perfectly true that we do not enter into trade union agreements concerning wages and conditions direct with the Minister of Labour as that ministry holds no responsibility for government factories. But trade unions do conduct negotiations with the Ministry of Supply, and the Admiralty, for example, who are themselves employers of labour responsible for the management of factories, dockyards, and workshops. Most industries here it will be appreciated are privately owned, and wages negotiations are primarily a matter for regulation between the employers and the trade unions concerned.

The right of the Trades Union Congress and its affiliated unions to represent the viewpoint of the workers on all matters affecting their conditions was established with the government in the early days of the war, when the then Prime Minister, Mr. Neville Chamberlain, instructed his departmental officers to consult the Trades Union Congress and its affiliated organizations on all matters affecting their

interests. That policy was reaffirmed by Mr. Winston Churchill and has been constantly adhered to, and has been reflected in the many consultative committees which have been set up by the government on which are representatives of the employers and the trade unions, the nomination of such representatives being the sole purview of the organizations concerned."

Mr. COHEN: What is the date of that letter?

Mr. MACINNIS: April 24th, 1942, in reply to a letter written by me to Sir Walter Citrine to clear up a point mentioned by the Minister of Labour.

After three years of argument and friction over this point an Order in Council was finally passed on December 1st, 1942 (P.C. 10802) by which Crown companies are given the power to enter into collective agreements with their employees. It is to be noted that the terms of the Order still exclude from its operation such agencies as the C.B.C. and the National Harbours Board. The result is that yesterday's press carried a story that a strike by the employees of the National Harbours Board in Halifax is imminent because of the refusal of the Board to negotiate with their union.

We submit that this untenable policy of the government authorities was a violation of the government's own policy as outlined in P.C. 2685 of June, 1940. In practice, the policy served to strengthen the opposition of private employers to the organization of labour and to more than nullify the good moral effect of P.C. 2685. For in a democracy there is only one way in which the anti-social attitude of employers can be changed and that is by the pressure of official and unofficial opinion. The brief of the Canadian Manufacturers' Association refers to the need for education among the workers in order to develop in unions the necessary sense of responsibility. This need may be there. But it cannot be nearly so great or so urgent as the need for the education of some Canadian manufacturers in the elementary purposes of democracy and in the social values and industrial efficiency to be gained from labour organization. This end can be achieved best by a consistent pro-union policy by every agency of the government, in every plant, industry or corporation which in any way comes under the control of government and by an equally consistent government policy of encouraging in every way possible the growth of trade union organization and its participation in industry. In a word, we believe that the government should at all times and for all purposes be a model employer.

Mr. COHEN: In the paragraph you have just read you say: "For a democracy there is only one way in which the anti-social attitude of employers can be changed and that is by the pressure of official and unofficial opinion." You exclude legislation?

Mr. MACINNIS: The reference there is to the attitude.

Mr. COHEN: You are referring rather to the frame of mind?

Mr. MACINNIS: Yes, the relationship.

The CHAIRMAN: Have you made any personal investigation or survey in connection with the Canadian Broadcasting Corporation and the National Harbours Board? There does not seem to me to be much difficulty about the Harbours Board, but is there anything in the nature of their particular set-up in the C.B.C. where unionism would not be appropriate? I presume the artists will be unionized altogether away from the C.B.C. I really do not know anything about the set-up. You may have examined into that and found some reason, of which I am not aware, for its not being included.



Mr. MACINNIS: In the matter of organization of the employees of the C.B.C. we had in mind more the technical employees. There are a large number of technical employees. We had considerable correspondence with them and had taken the matter up with the Minister of Munitions and Supply, when that department was under his control, and they have been attempting for quite a long time to reach a basis of negotiations with the C.B.C.

Mr. COHEN: That was the only request, was it not?

Mr. MACINNIS: Yes, so far.

Mr. COHEN: With the C.B.C. with respect to collective bargaining by or on behalf of the employees.

Mr. LEWIS: Neither the minister nor the Board of Governors suggested there were special circumstances in the nature of the work.

The CHAIRMAN: I understand the technical aspect of it; it is very much like any group of electrical workers.

Mr. LEWIS:

## II. *The Need for Legislation*

The foregoing leads us straight to the urgent need in Canada of a comprehensive national code covering the right to organize, machinery to decide on the bargaining agency, the duty of union recognition and of collective bargaining "with a view to the conclusion of a collective agreement."

I may say that section is taken from P.C. 2685.

It is no exaggeration to state that by far the largest number of labour disputes have occurred over refusal by employers to recognize unions and bargain with them. We refer the Board to a table on page 11 of the thirty-fifth Report of the Registrar of Boards of Conciliation and Investigation for the fiscal year ending March 31st, 1942. This table lists a total of 132 disputes during the year under review. Of these, 50 are stated to have been caused solely by the question of union recognition and in 40 others this was a major cause. In other words, more than two-thirds of the disputes recorded in this report were due, either in whole or in major part, to refusal by employers to recognize unions.

Obviously, the abstract right to organize is of little value if the organization of the workers is refused recognition by the employer after it is established. And even recognition is of little value unless it leads to collective bargaining and a collective agreement. Furthermore, all of these rights can be frustrated if employers are simultaneously allowed the right to interfere with the workers in their choice of organization or to bargain with more than one agency in the same craft or unit or to assist in the organization of what are known as "company unions." In short, the whole field of labour relations is one and any proposed legislation should cover every part of it.

Mr. LALANDE: One of the briefs that was filed here last week made a suggestion with respect to minority representation in the matter of collective bargaining. Would you care to express an opinion on that?

Mr. MACINNIS: I do not believe it is feasible to have two collective bargaining agencies in the same establishment.

Mr. COHEN: You mean for the same group of employees, but we might have two bargaining agencies for two separate classifications.

Mr. MACINNIS: Yes, that is right. I am a member of the Street Railway-men's Union in my own city, and the employees of the company there, the British Columbia Electric Railway, all belong to the union, outside of the office staff and any that may be in other organizations such as the electrical workers.

I cannot conceive of a minority taking matters up with the company, which definitely might be at variance with the wishes of the majority. The company as well as the employees would be placed in an impossible position, and any proposal of that kind could be made, in my opinion, only to frustrate worthwhile labour organization.

Mr. LALANDE: I suppose the answer to that would be to set up a negotiating committee, which is called here a cartel, which would represent both labour organizations, and the management could deal with the committee?

Mr. MACINNIS: I cannot see it.

Mr. LALANDE: The suggestion is not made that the management would deal separately with the two organizations, but rather with a committee representing the two or three organizations, as the case may be.

The CHAIRMAN: Perhaps I can make it a little clearer from another case with which we have had something to do. I refer to the Montreal Tramways. There you had an A.F. of L. organization, and also the C.B.R.E. My recollection is that although at first the C.B.R.E. was confined to bus operators, there was an overlapping; at least recent developments seem to indicate that. In addition to that there was the Catholic Syndicates. In 1940, I believe it was—Mr. Cohen will recall it better than I, because that was one of the Boards on which I did not sit—they tried to solve it by having a negotiating committee elected. It happened at that time, I believe, that the A.F. of L. union was probably in the majority; the negotiating committee in fact were all members of the A.F. of L. union. Do you think something might be done to prevent that sort of situation, or to prevent more than one union from being in the same place? I think Mr. Gillis is aware of that same situation. It existed in the coal mines.

Mr. GILLIS: The only answer is that we are living under a democracy, and the ballot is the best democracy. Where there is controversy as to who should be the bargaining agency, a vote should be taken. When that is done and the bargaining agency decided upon, that should be the agency for that plant, and everybody in that plant should abide by the finding.

Mr. LALANDE: What would you think would be a majority?

Mr. GILLIS: Fifty-one per cent of the employees in the plant where there is a dispute.

Mr. COHEN: That is, dealing with the plant or with a particular classification?

Mr. LALANDE: Do you mean fifty-one per cent of those who vote, or fifty-one per cent of those who are employed in the plant?

Mr. GILLIS: Fifty-one per cent of those who vote. If there are men in the plant who do not wish to vote, that is their business; you cannot make them. It is their responsibility.

Mr. COHEN: In other words he is shifting his responsibility to others who do vote?

Mr. GILLIS: Yes.

Mr. COHEN: The proposition that was put before the Board, as Mr. Lalonde points out, was that where more than one union claimed the membership of a given group of workers and the right to act as the negotiating medium between the employer and the employees in that group, a cartel should be set up which would have a proportionate representation of the two or more unions, and it would bargain with the employers. You are asked to give your opinion on that. When the suggestion was put forward there was some discussion between the gentlemen who made it and members of the Board as to just what a minority consisted of, a number large enough to be represented on that cartel. That was something which those who proposed the idea had to take



into consideration. With respect to the Montreal Tramways, as the Chairman so well remembers, as he remembers everything else that seems to go in Canadian life and national affairs, the agreement was entered into in July 1940 with a negotiating committee representing all employees. That had always been the form adopted by the Montreal Tramways. It was used by them before the C.B.R.E. ever appeared in the picture, and before the Canadian Catholic Syndicate ever appeared there. It was something that the company always insisted on, a negotiating committee of all employees, even though it might turn out that the negotiating committee in fact was a union committee. It is very difficult to say what was the effect of that. It might have been the fact that the company insisted on dealing with the negotiating committee that represented all employees, even though it factually represented the union, that led to this development. Your opinion is sought with respect to that cartel suggestion.

Mr. MACINNIS: That raises, without mentioning it, the question of jurisdictional disputes.

Mr. COHEN: It is not necessarily a question of jurisdictional disputes. The question is whether the union is correct in its contention that it represents a governing number of the employees. Assuming that you adopt a majority, and suppose the employees find themselves with more than one union, it is suggested that the bargaining should be done between the employer and a committee which would be set up by the different unions claiming the membership, and that that committee should be set up on a proportional representation plan.

The CHAIRMAN: It is a definite difficulty in the Province of Quebec.

Mr. MACINNIS: I can only give my opinion on the matter. I do not think it is a feasible method of collective bargaining, and furthermore I do not think it is really necessary. If the workers in two unions do come together in a union committee to deal with the employer, I think if the question was properly approached all would go well on both sides. They would soon come to the conclusion that they would have a really effective trade union committee, although they might not be in one organization. I understand the various vested interests that come into these things, and we could possibly make a submission in that regard. I think there should be harmony. I suggested to the officers of the Canadian Congress of Labour, informally of course, that an attempt should be made, at least during war time, to do away with jurisdictional disputes. My suggestion was that in an industry where the A.F. of L. had the largest number of employees the C.C.L. should leave it to them and say: You are better able to represent all the workers or employees in that industry than we are; and for the other organization to do the same. I took it upon myself to mention the matter to the Minister of Labour, and informally suggested to him that in a case where one or more unions were contending to be the bargaining agency in an industry, his department should, with the greatest expediency possible, take a vote to determine the bargaining agency, it being understood that the company should deal with that agency on behalf of its employees.

Mr. COHEN: I suppose there is this answer to the cartel question: to the extent that you set up that type of negotiating committee you have a union which is to that extent divided, and the bargaining power for the workers with the employer is weakened.

Mr. MACINNIS: You have no really effective bargaining agency. I think the employees who have the organization must ultimately decide all the factors, and not the officers of that organization. The officers are instructed to work along certain lines.

Mr. COHEN: There was another suggestion put forward, I think by the representative of the Chamber of Commerce, he said they had no quarrel with the idea of one bargaining agency for a given group of employees; they rather recognized that that was the only effective way to deal with it, but

it seemed to them, having regard to the practicalities of the situation, that a bare majority of fifty-one per cent should not be sufficient to qualify the bargaining agency to be dealt with exclusively if the group on the other side was in the minority. Their explanation was tangible enough, and it provides a concrete problem. I do not know that they suggested what should be a majority—I think I said something about my own idea, which had been put within the covers of a book, that it might be put at sixty per cent. Have you any views on that subject?

Mr. MACINNIS: In my opinion fifty-one per cent is a majority, and that should be sufficient.

Mr. GILLIS: I think that is the issue this Board will have to get to grips with, if it is to be successful in laying down any kind of labour code for Canada. There is need to bring harmony into industry, not only in Quebec but all across Canada. In the shipbuilding industry there have been a half dozen organizers in there. Personally I am only interested in the principles that labour organizations stand for; I am not interested in the talking. There is a great deal of confusion and conflict that has retarded production, and if the Board is to settle this matter, and settle it satisfactorily, it will have to be on the basis of unity. It must be remembered that as long as you have the antagonism of the employer who is desirous of retarding the organization of his employees, as is happening in the John Inglis Company and in the shipyards, there will be no unity. In the shipyards the organizer went in, built a membership, and arrived at the point where he could ask for recognition. The employer called in another organizer and handed him a paper union, without any membership, and the right to bargain for that plant. A select, small minority group formed an organization. The employees who had already demonstrated their wishes by joining the union were put in the position of causing a split in the plant.

As to taking a vote of all the employees of a plant, if all the employees of that plant are sufficiently interested in their own welfare to go out and cast a ballot, the majority of those voting should be recognized and determined to be the bargaining agency, and those who did not vote will have to fall in with that majority. I think the Board will have to make a decision on that basis. This setting up of a bargaining agency is really only setting up a sales agency, and the employees select the men who are going to be their sales agency for the future.

The CHAIRMAN: You may have a union which may be a bargaining agent, so far as that is concerned, but you may have another union in there, and regardless of whether union A has the bargaining rights or not, the members of union B insist on retaining their allegiance to the union whether the bargaining is involved or not. There are two unions, and the question is, what do you do about it? That is somewhat similar to the situation of one who becomes a member of parliament; he still retains adherence to his particular party.

Mr. GILLIS: That is not analogous. When I am a member of parliament I have no part in writing the legislation. The government writes the laws.

Mr. COHEN: But you represent the whole constituency.

Mr. GILLIS: I have nothing to say as to what the legislation is going to be affecting that constituency. That is my argument.

The CHAIRMAN: I was not trying to take that as an analogy beyond this. Union A may have 60 per cent, and is the bargaining agency, but union B with 40 per cent persists in staying in there and keeping its position. Can anything be done by rules, regulations or legislation?



Mr. GILLIS: Yes. The reason I am very definite about it is that I have gone through it. We had that situation in the miners' union at least on three occasions. We took a ballot, and I happened to find myself with the minority on two of those ballots. But the miners of Nova Scotia had decided this was to be the organization, and I immediately relinquished my membership in my organization and joined the new one, because I believe the majority rules.

Mr. COHEN: Does that not bring us to the crux of the thing? If there had been some regulation in the legislation of Nova Scotia which gave that minority union of yours some vested right to remain, but as a minority, the result would have been strife.

Mr. GILLIS: Yes, but there is in the Nova Scotia Act a provision that on a certain date in every year we can put in a new card, and these cards are counted. If the men decide they want the organization, they can do it.

Mr. COHEN: Coming back to the question of the cartel, the single question I asked was whether you had any opinion, and whether it would be unfair to suggest that fifty-one per cent of this vote would be enough to give a clear demonstration of the fact that the bargaining agency selected should have the exclusive bargaining rights, or whether in order to establish its rights the union should be able to show a majority of say sixty per cent.

Mr. GILLIS: There are features of democracy that perhaps should be carried into industrial democracy. I know few situations in which trade unions have succeeded in establishing themselves as bargaining agencies where they have not been able to do so by a majority of sixty per cent.

Mr. LALANDE: If you raised it above fifty-one per cent?

Mr. COHEN: Where do you land if somebody has forty-nine per cent in favour of the union and fifty-one per cent against it; then you have no union?

Mr. GILLIS: No.

Mr. COHEN: And there is no bargaining agency?

Mr. GILLIS: No.

Mr. COHEN: How much worse is that case if instead of forty-nine to fifty-one you have fifty-one to forty-nine?

Mr. GILLIS: A great deal worse. Of course you have to have some rule that is workable.

Mr. COHEN: I am trying to understand why fifty-one per cent is more welcome on this vote than sixty per cent?

Mr. GILLIS: When you get fifty-one per cent you are in an unfortunate position. But why sixty per cent? Why not sixty-five per cent, and if sixty-five per cent why not seventy per cent, and if seventy why not seventy-five or seventy-eight per cent?

Mr. COHEN: There are intangibles in every aspect of life, and you have to determine something which is to be the governing rule. I personally do not think it would embarrass any situation where the trade unions are entitled to be regarded as the trade union bargaining agencies.

Mr. GILLIS: I think the trade union organizer organizing a plant is sure he has a substantial majority before he asks for the vote. The situation in the Canada Packers is such a situation as you describe. They built up their membership and they took a vote, and to-day they have a signed agreement.

Mr. LALANDE: What has been the attitude taken by the C.C.F. in the House of Commons on the question of proportional representation? I do not know; I am just asking.

Mr. MACINNIS: We have supported proportional representation. I remember supporting it myself.

Mr. LEWIS: Against my objection.

Mr. MACINNIS: I believe the other parties want it; at least there is a resolution on the order paper advocating it. I do not know what attitude we may take. In regard to this question of organization in the labour movement I believe someone such as the Minister of Labour or the Prime Minister, or possibly this Board, should invite the leaders of the various groups into a private conference and talk the whole matter over. Get their views and give them yours, and see what can be done in that way. I believe that the present group have done something of that kind, possibly not with a great deal of success; but I do not see why it cannot be done. The question of peace among labour organizations has a definite advantage to everybody concerned.

Mr. COHEN: You are thinking of that committee that President Roosevelt made up of the membership of the C.I.O. and the A.F. of L.

Mr. MACINNIS: Yes. When people become accustomed to working together and know each other better they are more inclined to come to an agreement. The brief continues:—

Nor is it necessary to argue to-day that a mere declaration of policy such as is contained in P.C. 2685 is totally inadequate. The experiences since June, 1940, have established the fact beyond question. Further it may well be that a declaration of policy which is later ignored by government and private employer alike, as happened in the case of 2685, does much more harm than good. Few things harm democracy so much as the disappointment and bitterness caused by broken promises and frustrated hopes.

Company unionism is, in most cases, an anti-democratic device which should be prohibited by law, at least in those cases where a bona fide union has been or is in the process of being organized. Any workers' association in which management has an influence or control is not a free workers' organization and cannot perform the functions of independent decision, independent action and free representation of the workers' interests. The whole purpose of unionism is destroyed in such an association which, sooner or later, becomes a mere reflection of the managements' will and another agency for imposing that will on the employees. We realize the difficulty which may be involved in finding an appropriate definition of this sort of association for the purposes of a statute. But that is merely a difficulty of wording. There is seldom any difficulty of fact in recognizing a company union where it exists.

We must emphasize the importance of this subject. For company unionism is the device most frequently used to forestall or disrupt genuine labour organization. We suggest that a company union is about as free to express the wishes of the employees concerned as a national plebiscite under Hitler represents the wishes of the people concerned. It simply has no place in any democratic arrangement of employer-employee relations.

We therefore respectfully submit the urgent need for over-all legislation which will (1) guarantee the right to organize in the clearest possible terms and will make it a punishable offence for employers to interfere in any way whatsoever with this right; (2) provide expeditious and uniform machinery for determining which of two or more bona fide bargaining agencies has the support of a majority of the employees concerned,—



Mr. COHEN: You say, "a majority of the employees concerned"; I suppose you would take voting to indicate concern?

Mr. MACINNIS: Yes.

—(3) exclude "company unions" (carefully defined to leave no loopholes and to implement the spirit and intention of free trade unionism) from any status under the law; (4) make union recognition and collective bargaining compulsory; and (5) set up an appropriate Labour Board, like the present War Labour Board, for the peaceful settlement of labour-management disputes.

Mr. COHEN: What do you mean by a board?

Mr. MACINNIS: A board that would have the power to—

Mr. COHEN: Deal specifically with labour matters?

Mr. MACINNIS: Yes, to deal with labour disputes and all matters arising from labour disputes and that can be settled by conciliation of the board.

Such legislation should be enacted without delay as a measure urgently necessary for all-out war production. It should, in addition, become the established law and procedure for industrial relations also after victory is won. Industrial democracy is one of the freedoms for which we are fighting this war.

### *The Need for Adequate Machinery*

However, it should be emphasized that even the best legislation will not necessarily work if its administration is unimaginative and unsympathetic. Anyone who has watched carefully the handling of labour-management difficulties in Canada during the last two or three years will, we feel sure, have reached the inevitable conclusion that the machinery at present available is totally inadequate and that it has been used with little imagination and understanding.

The CHAIRMAN: Is it over-adequate rather than inadequate?

Mr. MACINNIS: There may be too much of it, but it is still inadequate.

As we stated in our preliminary submission, it should always be remembered that in labour problems one is dealing with people and not with commodities. These people are citizens of the country performing an important social function and entitled to treatment as partners in the productive process instead of as cogs in the production machine. If this fact is borne in mind, it will be readily seen that delay, misrepresentation, lack of frankness and lack of clear-cut policy in the handling of a labour dispute, must necessarily render it more and more difficult of solution.

Some disputes, one or two of which have been before the present War Labour Board since it was constituted, have dragged for as long as two years or more. They have been passed from boards to commissions and then back to the department and then put into the hands of the government as a whole and then passed on to yet another board. Obviously such prolonged, piecemeal treatment of a problem must create an atmosphere of suspicion, confusion and frustration which makes a satisfactory solution of the problem almost impossible.

We have already referred to the Kirkland Lake and to the National Steel Car cases which dragged for countless months.

I think that is rather an overstatement.

The same inexcusable delays have occurred in the case of shipyard workers, airplane workers, the aluminum workers in Arvida and, indeed, in a great majority of disputes. Delays are caused by the Department of Labour, by the elaborate machinery for the appointment of Conciliation Board chairmen, by the Conciliation Boards themselves, by Regional War Labour Boards and, until recently, by the National War Labour Board. In addition, there is the ridiculous requirement of section 16 (2) of the Industrial Disputes Investigation Act that a strike vote be taken before application for a board may be granted. This is obviously antiquated and provocative. Further, the appointment to Conciliation Boards of different and busy people who, often, have little acquaintance with labour matters, has in the past prevented any continuity of labour policy.

We would, therefore, urge the amendment of the Industrial Disputes Investigation Act to eliminate from it the features, such as those we have mentioned, which are out of date and are the cause of unnecessary delay. Secondly, there is an urgent need for a more adequate and competent conciliation and investigation staff in the Department of Labour which will have a clear-cut policy, as outlined above, to guide it and will deal with every dispute sympathetically, imaginatively and expeditiously. To avoid delays and to strengthen the confidence of the workers, a time limit should be established within which decisions of all the various boards must be made and communicated to the parties concerned.

The CHAIRMAN: You are touching there on a subject that has been giving me some concern from the point of view of trying to get something worked out. When you speak of maintaining the Industrial Disputes Investigation Act are you taking into consideration the fact that that Act so far as many of its aspects are concerned gets its validity from enabling or consenting Acts in the provinces? You are likely to get into some constitutional difficulty there. I wondered whether perhaps it should not be tackled as a war measure and more or less put the I.D.I. Act into suspension for the time being. I am merely stating the difficulty that has occurred to me.

Mr. MACINNIS: Obviously it is not an easy matter to deal with, and undoubtedly it cannot be dealt with fully without conferences at least with the provincial governments and perhaps the co-operation of the provincial governments.

Mr. COHEN: You mean a legislative enactment?

Mr. MACINNIS: Yes.

Mr. COHEN: Is there any reason why the alternative course suggested by the Chairman as to proceeding under the War Measures Act should not be resorted to instead of the legislative approach which would bring up a legal and constitutional difficulty that might involve delay?

Mr. MACINNIS: My own impression is that the government has taken power to do that, but is not exercising that power, or has refrained from exercising it for some reason that I have never been able to find out.

Mr. COHEN: The reason the Chairman posed the question is that you urged, after setting out what you thought should be provided, that it be accomplished in part by amending the I.D.I.A. I suppose the Act could be amended by order in council. Under the War Measures Act the government can amend any existing acts. You are concerned with the result rather than the method?

Mr. MACINNIS: We made this proposal because the I.D.I. Act is practically being used by the government, but to make it more expeditious and more



effective we have suggested the amendment. As to how it should be done we have not made any statement. Mr. Lewis points out that an act can be passed under the War Measures Act as well as by order in council.

Mr. COHEN: You do not need to get into the War Measures Act to pass an act. That is merely to enable something to be done by the governor in council. The war emergency can be used for a wider legislative enactment than might otherwise be possible.

Mr. MACINNIS: In other words the government's right to pass legislation is not limited under the War Measures Act.

Mr. COHEN: I do not want to get into something you are apt to use on the floor of the House.

Mr. LALANDE: The Supreme Court has just stated that parliament can legislate for war purposes.

The CHAIRMAN: My trouble goes a little deeper than that. As to some of these provinces the I.D.I.A. was held to be *ultra vires*—I think it was in the case of Toronto vs. Snyder. Following on that most of the provinces passed legislation which permitted it to operate, regardless of whether it was considered to be *ultra vires* or not—that is in respect to that part which was dealt with in the case to the Privy Council of Toronto vs. Snyder. It is quite true that under the emergency powers in a time of war, whether by order in council under the War Measures Act or by any other Act you deal with it from the Dominion viewpoint, you must keep it in mind that unless some amendment of the constitution results you have got it back into the provinces, and you may have opened something the effect of which is hard to foresee. You might upset the existing Act; I do not know.

Mr. GILLIS: I think I would be prepared to express a definite opinion on the matter. I realize the difficulties of the Board taking the constitutional aspect into consideration, but my idea is that the Board is set up to lay down definite labour laws for Canada. That is the Prime Minister's statement. It is not only a war measure, but it should be carried forward after the war. So far as the Acts in the different provinces are concerned, labour feels that there has been a great deal of difficulty in the past in trying to get decisions. It would require a constitutional change and this Board would be performing a helpful function if it said that the government should take over the exercising of certain functions of the provinces which they have had on their books for some time.

The CHAIRMAN: You mean as a war measure?

Mr. GILLIS: Yes, for now; but I think it should be carried forward after the war is over. The federal government should lay down definitely a principle that should be applied across the country, and enabling legislation passed by the provinces should be in accordance with the basic principles laid down by the federal government. That is what I would like to see done. Personally, coming from Nova Scotia where we have fairly good labour laws at the present time, I have no hesitation in saying that this Board should lay down basic principles that should be followed in labour legislation throughout the Dominion of Canada, and that the labour legislation should be made to follow more closely the basic principles laid down by this Board. We want uniformity in any emergency measure that is to disappear after the war is over. I visualize this Board laying down something practical that is going to be carried on after the war is over.

Mr. MACINNIS: (Reading):

Finally, arising out of war legislation, there have accumulated a multitude of laws and a pyramid of machinery which cause unnecessary confusion. A consolidation and simplification of all these would be of considerable assistance.

Mr. COHEN: You appear to be moving from the labour relations question; would you care to express an opinion on another matter which has been raised here, with respect to collective agreements and the method of dealing with disputes which arise out of their interpretation or application? There has been some discussion during the hearings about the advisability of establishing as a war measure some form of compulsory arbitration in disputes which arise out of the interpretation or application of collective agreements once they are arrived at.

Mr. MACINNIS: I can only express my own opinion on that. We have been discussing the point, and I am in favour of compulsory arbitration. Proper courts such as have been established in Australia should be set up for that purpose.

The CHAIRMAN: I suppose where the agreement sets up its own grievance procedure or creates arbitration under the agreement, the necessity would not arise.

Mr. MACINNIS: No.

The CHAIRMAN: But difficulties might arise during the currency of the agreement and the parties might be forced to come to some tribunal and accept its decision as final.

Mr. MACINNIS: Yes. The labour organization of which I have been a member for over thirty years has in its agreement the cardinal principle of arbitration in all matters that are in dispute. That goes right through the agreement.

Mr. COHEN: As a matter of fact, if I remember rightly, under the constitution of your own international union there is a provision that no one can go on strike unless the employer has refused to arbitrate.

Mr. MACINNIS: Yes, that is so; and we were going to suggest that certainly we would be in agreement with that applying throughout the duration.

Mr. COHEN: Suppose you have some provision as to compulsory arbitration in industrial disputes arising out of the application of an agreement, and either the employer or the employees said they did not like the idea of going to the tribunal even during war time. Or suppose they did go and something comes out of it and one or the other says: I do not like the decision. Have you any practical suggestion to make that would take care of such a situation?

Mr. MACINNIS: We live under a social system in which the law prevails, and no one can be a law unto himself. If we set up authority providing for compulsory arbitration it would have to provide for the ways and means of enforcing it if necessary. We in the trade union movement generally accept the fact that once a board has made a decision, even when the unions consider the decision is not fair, in then going on strike you do so with a handicap because public opinion is against you. If we have public opinion generally behind our laws, that difficulty should not often arise.

The CHAIRMAN: We are trying to think of a practical way of obviating a source of discontent on the part of both sides because of the failure to deal with a situation reasonably quickly. Resentment against the delay is manifested all the time not only by the unions but by the employers' groups who have appeared here. Suppose you had some central jurisdiction arbitration boards or arbitrators in different districts, more or less on the spot, who would be immediately available to tackle any difficulty that arises?

Mr. COHEN: A first aid station.

The CHAIRMAN: Yes, or a casualty clearing station. What would your attitude be towards some such system as that?



Mr. MACINNIS: I think that method would help, but the personnel of these boards should be such that both sides would have confidence in the board. If we begin with the handicap of a board on which either side feels it is unfairly represented, it would be very difficult to effect a settlement. I am a firm believer in the principle of arbitration in dealing with matters of this kind.

### *Labour Representation and Participation*

Every responsible labour organization in Canada has, on every occasion and, if we are not mistaken, also before this Board, requested that labour be given representation on all the relevant government boards and committees. We support this request without reservation. In order to give the workers of Canada renewed confidence, to evoke their active enthusiasm and to enable them to make the great contribution of which they are capable, it is necessary to give them adequate and genuine representation on all appropriate war boards and committees. Only by this means will labour feel that the war effort of Canada is being carried on in a democratic way for democratic ends. Only this will stimulate the workers to make their best contribution toward the achievement of victory.

The purpose and value of labour participation in industry is expressed impressively by Mr. Ernest Bevin, British Minister of Labour, on page 127 of a collection of his speeches entitled, "The Balance Sheet of the Future". Mr. Bevin there states:—

"This task of winning the war means you have to call for the utmost ingenuity you can get from the people, for every ounce of ability they have, for the willingness and courage to take decisions, to make them indifferent to enemy action and carry on. I do not believe you can do that with orders from the top."

Surely the truth of this statement is as clear as it is important. The right to vote and to speak is only one measure of democracy. Another and equally important measure is the extent of the opportunity afforded the people to share in the shaping and administering of the public policy which directly affects and determines their daily life. Yet the workers in industry are denied this opportunity.

Not only is labour not represented on the various boards but it is very seldom even consulted on matters toward the solution of which it could be of tremendous assistance. Our outstanding present-day example will suffice to underline the point. Throughout the last while there have taken place frequent and numerous layoffs in industry due, we are told, to a necessary shift in the production program. Yet in no case has labour been taken into the confidence of the government authorities. Instructions to curtail production go to the management and labour is then informed that by a certain date a number of employees will have to be released from work. The John Inglis Company is the latest example which has come to our notice.

I have been told that some three weeks ago the management of the John Inglis Company told the employees that there would be no general layoff, and that as late as last Monday they were hiring employees in the plant. On Tuesday the order came from the Munitions and Supply Department in Ottawa that there was to be a period of from sixty to ninety days laying off thousands of employees. The employees were not notified or consulted until they were called in and told by the management that this layoff was to take place.

Mr. COHEN: It is not so much resentment as a sense of insecurity.

Mr. MACINNIS: I think myself, one of the things which makes the employees in industry almost frantic the moment they hear of a layoff is their memory of the terrible conditions they went through from 1930 to 1939. The unfortunate

conditions that unemployment imposed on the worker makes them furious at any suggestion of a layoff.

The CHAIRMAN: I think fundamentally your proposition is that if there is to be a change in production, the cessation of a certain type of production and a change over to something else, that is something which is unavoidable, but labour should be consulted so that the labour leaders could explain the situation in advance and perhaps reconcile the workers to the fact or at least indicate to them where they are likely to go and that it is a patriotic duty on the worker's part to go along. That is the idea, is it?

Mr. MACINNIS: Yes.

Mr. COHEN: It would help to give the worker a sense of direction, participation and security.

Mr. MACINNIS: And that he is a party to what is being done.

No attempt is made to let labour know of the plans for curtailment, of the plans for the reabsorption of the dismissed workers in other industries, nor is labour given an opportunity of assisting the organization of the labour turnover from one industry to another. The result is resentment on the part of the workers, most of which could be avoided by proper labour representation and consultation.

Related to labour representation is the field of labour-management production committees which, if they were properly constituted, would prove the greatest possible stimulus to increased efficiency and production. Any recommendations emanating from this Board as a result of this inquiry should, therefore, contain a request for adequate labour representation on all appropriate War Bonds and for a wide network of labour-management production committees.

#### V. Unfairness of Present Wage Policy

Finally, we submit that the Wage Stabilization Order should be amended so as to enable the adjustment upward of all inadequate wages anywhere in Canada. We started this war with a relatively low and unfair wage structure. It is not only the right but the duty of the workers concerned to seek to raise their wage level in order to achieve a standard of living which would give them health and self respect.

We suggest that the Board study carefully the following table which appears on page 19 of the Marsh report on Social Security:—

#### B. PERCENTAGES

Earnings (Year)	Male Heads of Families		Other Male Workers		Female Wage-earners	
	Urban	Rural	Urban	Rural	Urban	Rural
Under \$500 .....	11.8	32.2	37.6	67.3	50.0	73.4
500-750 .....	8.9	15.1	19.6	14.4	24.1	16.1
750-1,000 .....	12.7	12.4	15.7	7.4	14.1	6.9
1,000-1,250 .....	20.0	15.2	13.3	5.6	6.7	2.3
1,250-1,500 .....	12.1	7.6	5.5	2.0	2.3	0.6
1,500-2,000 .....	19.1	10.8	5.8	2.4	2.1	0.5
2,000-2,500 .....	8.0	3.9	1.6	0.6	0.5	0.1
2,500-3,000 .....	2.9	1.1	0.4	0.1	0.1	....
Over 3,000 .....	4.7	1.8	0.5	0.1	0.1	....
	100.0	100.0	100.0	100.0	100.0	100.0

Taking the male heads of families—

Mr. COHEN: We have the table which shows the distribution for different wage groups between urban and rural wage earners.

Mr. MACINNIS: I was going to call attention only to the male heads of families. You will note that those receiving wages under \$500 constitute 11.8



er cent; those from \$500 to \$750, 8.9 per cent; from \$750 to \$1,000, 12.7 per cent; from \$1,000 to \$1,250, 20 per cent; from \$1,250 to \$1,500, 12.1 per cent; from \$1,500 to \$2,000, 19.1 per cent; from \$2,000 to \$2,500, 8 per cent; from \$2,500 to \$3,000, 2.9 per cent; and over \$3,000, 4.7 per cent.

You will see from the table that 65.5 per cent of all urban male heads of families had annual earnings of less than \$1,500, according to information obtained from the 1941 census. You will note that, as a matter of fact, 33.4 per cent of these heads of families had an annual income of less than \$1,000. According to an estimate made by the Toronto Welfare Council in 1939 in a published brochure entitled, "The Cost of Living," the income necessary in that year for a family of five to reach a standard of living which they designate as one of health and self-respect was \$1,474.20. Adjusted to 1942 prices the equivalent income necessary would be \$1757.60. If you compare the conditions exposed in the Marsh table referred to, with the income necessary for a decent standard of living, you will readily see that the workers of Canada have a just demand when they insist on an increase in the lower wage levels.

Mr. LALANDE: These figures are based on the 1941 census?

Mr. MACINNIS: Yes.

Mr. LALANDE: They reflect the condition that prevailed in 1940?

Mr. MACINNIS: Yes.

Mr. LALANDE: There has been some slight improvement since then?

Mr. MACINNIS: Yes, some improvement; the cost of living would offset that.

The CHAIRMAN: We had some figures the first day of this inquiry as to the amount of money that has gone into wage increases. That probably would have to be added to these figures. Even the optional bonus did not come in until the end of 1940, and the compulsory feature came in later on. So that there is probably a considerable improvement over these figures. I do not know what it is.

Mr. LEWIS: No one does.

Mr. MACINNIS: To continue:

We submit that there should be established, by amendment to the Order itself, an adequate level up to which workers would be free to bargain for a rise in wages, without being required to justify the increase within the terms of the Order. This need not necessarily cause any inflation if the other methods of controlling it are used to the full; namely, price control, rationing, taxation and so on. It is impossible, because it is unjust, to tell workers making less than fifty or fifty-five cents an hour that they cannot have their wages raised because it would be against public policy. A policy which works unfair hardship cannot, by definition, be a good policy.

Mr. COHEN: I take it you are dealing there with the question raised by the Chairman at the first session of this inquiry, as to whether or not there should be a floor below which the wages order should not operate. Precisely what floor are you suggesting?

Mr. LALANDE: Fifty or fifty-five cents an hour, I take it.

Mr. MACINNIS: That is mentioned here. It is a matter that possibly would have to receive more consideration than we have given it. It is definite that a wage of 50 to 55 cents an hour at the present rate of prices would not give anything more than a bare living. This could be arrived at, I think, in consultation with labour; in any case the matter should be discussed with labour representatives.

Mr. COHEN: Both the Trades and Labour Congress and the Canadian Congress of Labour suggested that fifty cents should be the floor.

Mr. MACINNIS: We point out that less than fifty or fifty-five cents is not sufficient.

It is, we believe, significant to read and study the following concluding sentences of the representations made by the Canadian Manufacturers' Association:—

No one knows what Canada's economic situation will be at the end of the war. It is submitted that it would be the part of wisdom to wait at least until we have some knowledge of how we will stand at the end of the war, before adopting measures which will increase the cost of production in a way that might seriously hamper industry in playing its all-important part in solving what will admittedly be the master problem, viz., the providing of a maximum volume of employment.

It is clear that the Canadian Manufacturers' Association would maintain a low wage rate regardless of its effect on war production because of the fear of the effect it may have on production costs after the war. That is a wholly unrealistic and untenable position.

The CHAIRMAN: Did you say "holy" or "unholy"?

Mr. MACINNIS: "Unholy" might occur to the Chairman more than it would to me.

What does this mean? It means that certain interests are determined to keep Canada's wage structure as low as possible now in order to ensure their competitive position after the war. One cannot escape the conclusion that this is one of the major reasons behind the present order. In our view it is a bad, reactionary reason. For one of the major objectives of this war, as Vice-President Wallace of the United States has stated, must be to raise the standard of living of the people. Amendment of the Wage Stabilization Order and a liberal application of it would go a long way in the direction of this objective.

### *Conclusion*

In concluding this submission we realize that we have not exhausted all that could be said under the several heads under which we have dealt with the questions of labour-industrial relations. We have, we believe, dealt with the points mentioned in the Chairman's address at the opening of the inquiry.

As has already been mentioned, we have dealt with the subject from the viewpoint of social relationship and what we have said would apply in normal times as well as under the stress of war conditions. What is bad in our labour-industrial relations to-day has been equally bad during the past twenty-five years. The reason it appears worse to-day is because of the country's need for labour power. The operation of the law of supply and demand is now in labour's favour and labour is in the position where its demands must be given at least some consideration.

In 1919 a Royal Commission under the chairmanship of the late Chief Justice Mathers of Manitoba was appointed to investigate the cause of industrial unrest at that time. Among the ten chief causes of unrest listed by the commission we find No. 3, denial of right to organize and the refusal to recognize unions; No. 4, denial of collective bargaining. Although the majority report of the commission recommended that labour be granted the right to organize and to bargain

collectively we find ourselves to-day, twenty-four years later, faced with the same denial to the workers among the chief causes of labour strife.

The CHAIRMAN: Did the Mathers Commission investigate the causes of labour unrest in Manitoba?

Mr. MACINNIS: In the whole Dominion. I have the report here, and would just like to read one brief paragraph; it is one of the statements of the commission in the matter of the denial of the right to organize:—

“On the whole we believe the day must come when no employer shall deny his employees the right to organize. Employers claim that right for themselves and it is not denied by the workers. There seems to be no reason why the employer should deny it likewise to those employed by him.”

On the subject of collective bargaining there is a paragraph which implies the right of workers to group themselves together for the purpose of selling their labour power collectively to the employer instead of making individual agreements. The commission went on to express itself—in favour not only of the right to organize but of making that right effective for the purpose of collective bargaining.

The CHAIRMAN: Would you mind giving us the reference?

Mr. MACINNIS: It is the report on the National Industrial Conference to which Mr. Cohen referred earlier. It is an appendix to the report.

The CHAIRMAN: Are those the reported proceedings of the National Industrial Conference in 1919?

Mr. MACINNIS: Yes, I got this volume from the parliamentary library.

Mr. COHEN: We have had it here before.

Mr. MACINNIS: We did not quote the same things.

We hope that this board, whose findings, we believe, will carry weight, will make adequate and emphatic recommendations along the lines advocated in this submission.

We urge that a labour policy along the lines suggested above should be worked out in consultation with recognized representatives of organized labour and, further, that once such a policy has been formulated, a campaign of education should be undertaken to enable the workers and employers to understand the reasons for and the social purposes of the policy.

The CHAIRMAN: Thank you very much, Mr. MacInnis. Do you wish to say anything, Mr. Gillis?

Mr. GILLIS: No, Mr. Chairman.

The CHAIRMAN: Or you, Mr. Lewis.

Mr. LEWIS: No.

The CHAIRMAN: Yes, Mr. Deachman.

Mr. R. J. DEACHMAN: Mr. Chairman and members of the National War Labour Board, I have prepared a brief which I should like to present:—

There are two main aspects of the labour problem. They may be defined as the problem of to-day and the problem of the future. We are all anxious to find an immediate solution so as to minimize, as far as possible, any friction in the common war effort and at the same time desirous of exploring every possible avenue with the hope of improving the position of the workers after the war.



There are certain simple and obvious basic principles. If we proceed with full recognition of these, we shall make more progress. They are very simple. Labour and capital are both essential to production. The earnings of labour depend to a large extent on the investment of capital per employee. Industries which may be defined as "semi-submerged" are dangerous to the national economy and therefore harmful to labour. Agriculture is a typical example.

In that connection I should like to add that from 1930 to 1939 the returns to the farmer were 44.4 per cent of the 1926 level, and the returns to labour in the same period were 91 per cent of the 1926 level.

We have found in the past that no single nation can prosper if the rest of the world is under a depression. That which applies to the single nations applies to the group within the nation. There is one interest common to all, and we shall move more freely and with more certain steps if we do not ignore that common interest, the interest of the consumer.

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I think I am safe in saying that labour would prefer an increase in the basic wage rather than a cost-of-living bonus. It recalls the last war. There was no price ceiling then. Wages went up and up but the gains of labour were very slight up to 1920. Then came the crash. Labour dug in, the cost of living fell and labour, which had gained little through the boom, did exceedingly well out of the depression. Labour, I assume, is anxious to repeat the formula in the present war period.

The point of view is perfectly clear. It is a short range attitude, based upon what is deemed to be the immediate interests of labour and one section of labour at that. It is fraught with grave danger to labour as a whole. What labour seeks to-day is the establishment of a wage rate, possible, though not advisable, during a period of war but which can not be paid during any period of normal income and would therefore result in nothing less than unemployment, on a scale larger than ever known before. From my point of view this is not a desirable objective. The object of labour should be to attain the highest possible volume of total wage payments in distinction to the highest possible wage rates.

### *Income and Wages*

We have now a high national income.

I want to add there, if I may, that the annual income is now estimated at \$8 billion. The highest previous peace-time level was \$4,718 million. Do I need to emphasize that the present rate cannot be paid to the workers when the net income declines? If these wages are to be maintained, I want to submit that the problem before labour and before this Board is to devise a means by which the total annual income can be increased.

It is not real income because it does not represent the production of goods and services which have an exchange value in normal conditions or would, under normal circumstances, enter into the stream of commerce.

We suffer from the delusion that we can go on spending like this indefinitely with never a thought of consequences. We shall have an opportunity later of learning, by sad experience, how foolish and stupid is that mad dream. We remember the old story of the 1929 boom, two cars to every garage—a chicken in every pot, a fine young cockerel on the back steps, waiting to get in—to the pot, I mean—and, in the end, the old familiar theme song, "Brother Can You Spare a Dime!"

### *Facts vs Theories*

Let us examine two years by way of comparison, 1929 at the peak of the boom, 1933 at the bottom of the depression. Here are the comparative figures:

Year	National Income	Total Wages and Salaries
1929 .....	\$4,718 million	\$2,900 million
1933 .....	2,632 "	1,675 "

Note particularly the year 1929—the share of those who received wages and salaries in that year was \$2,900 million. In the years 1932, 1933, 1934, 1935, the average national income was less than the total amount paid out in salaries and wages alone in 1929. Wage rates had to fall, in very close relationship with the national income, or unemployment had to increase. The national income in 1933 was 55·8 per cent of the 1929 level. Total salary and wage payments were 57·7 per cent and the index of wage rates according to the Department of Labour was 85·8 per cent of the same level. In the circumstances wage rates had to fall or unemployment increase. There was no escape from it.

In the next depression there will be one, and there will be no escape from it.

Wage rates may be forced up to any level but total wage payments are an entirely different matter and here everything depends on volume of production: One cannot pay higher wages out of a lower income—not for long! The fundamental interest of labour should be, an increase of the national income.

May I add that no one has yet devised a means of producing maximum income without full employment. It cannot be done.

Suppose for a moment we study the past in the hope of catching a glimpse of what lies before.

The first complete census of industry in America was taken in the United States in 1849.

This is the record of the earnings of the workers in industry at three widely separated periods.

### *Average Yearly Earnings in Manufacturing*

(Figures from Statistical Abstract of the U.S.)

1849 .....	\$ 247
1914 .....	575
1939 .....	1,152

Now, if we take the enhancement of value by the process of manufacture, labour's share in 1849 was 51 per cent of the enhancement value. In 1914 it was 41·2 per cent. In 1939 it was 36·8 per cent. Each was at the time of the outbreak of a world war.

It took the world 6,000 years before it was able to pay the average worker \$247 per year.

Mr. COHEN: Do you know what they paid them 5,000 years ago?

Mr. DEACHMAN: About a cent a day, I imagine.

Mr. COHEN: Do you know at all?

Mr. DEACHMAN: No.

Mr. COHEN: Then why make a statement on that basis?

Mr. DEACHMAN: I am going on the fact that you cannot possibly have paid out of the capacity of profits. It is an honest deduction from the fact given to me that I say it cannot be done. There is no record existing that the contrary can be proved, that they could have reached that at any time, and on the principle that in 1849 they had a higher capacity than they could have had five thousand years ago, I think it can be accepted.

Why? Nearly all work was hand work in those days—that is where we got the expression “man-hours.” In somewhat similar fashion we measured and defined energy as horse-power and still do so. To-day we speak of machine-manpower. The figures show pretty clearly what the difference means. Man alone could earn little more as century after century passed. With power and machines he could increase, materially his capacity to produce. Production per man depends largely on employment of capital per man. I do not mean to suggest, from this, that pouring capital into Spain or China would necessarily lead to per man production as great as that of Canada. It would depend, to some extent, on the intelligence of the people and the resources of the countries concerned. It must, however, be apparent that industry could not have paid, out of the production of 1849, the wage per man which the worker received in 1914, nor out of 1914 the wage payments of 1939.

#### *Percentage Earnings*

It is a simple matter to carry this study a bit further in order to measure the share of the worker as a percentage proportion of the value of product produced. Here is the record for both Canada and the United States, over a wide range of years.

#### LABOUR'S SHARE—WAGES ONLY IN MANUFACTURING PRODUCTION

Year	Canadian	United States
1914	Not available	17.0%
1919	15.4%	16.9%
1925	15.5%	16.2%
1929	15.5%	16.6%
1933	15.2%	16.8%
1935	15.0%	16.3%
1937	14.7%	16.7%
1939	14.9%	16.0%

That table is not complete, not that I left the figures out with the idea of selecting any particular figures, but on the basis that the United States figures are on the biennial census.

Mr. COHEN: Are these the figures before us?

Mr. DEACHMAN: Yes. May I point out that if you take the average of those figures, the deviation from the average in the United States is .4 of 1 per cent upward and downward .6 of 1 per cent, and the movement over the twenty-five year period was within 1 per cent. In Canada the deviation upward was .3 of 1 per cent, and below the average .5 of 1 per cent.

The variation has been very slight from year to year. Note carefully that in twenty-five years it remained within a range of one per cent—in both countries. The only way to increase earnings was to increase production. The percentage is higher in the United States than in Canada. This reflects the degree of development of industry



in both countries. American industry is more closely integrated. Canadian industry, imports parts and semi-finished materials, the figures show a lower percentage going to Canadian labour but the difference is slight. This might be true even if rates of wages were exactly the same in both countries or if Canadian wage rates were even higher. These figures represent only direct factory wages and do not include wages in raw materials—nor indirect wage costs of production.

### *Higher Incomes*

Note the period covered. Prices in these years rose and fell violently. Wage rates increased one hundred per cent. We passed through a war, a boom, a great depression and entered another war. Throughout it all labour received a practically unvarying percentage of the product it produced. With that twenty-five years record how can labour assume that it can increase its share by raising its own wages?

In connection with that I want to read to you a statement from Maynard Keynes. He says:

"In peace time the size of the cake depends on the amount of work done. But in war time the size of the cake is fixed. If we work harder, we can fight better. But we must not consume more. An increase in money rates of wages to compensate for every increase in the cost of living is futile, and greatly to the disadvantage of the working class. Like the dog in the fable, they lose the substance in gaping—

I put the word "grasping" there.

—at the shadow. It is true that the better organized sections might benefit at the expense of other consumers. But except as an effort at group selfishness, as a means of hustling someone else out of the queue, it is a mug's game to play.

Only by increased production can the real earnings of labour be increased. Here I want to guard against a false assumption which might arise out of these figures. I do not mean to affirm or suggest that the percentages given are unalterable. They may be altered to some extent by factors which are outside the ambit of action of labour. Here are fluctuations of a temporary character, certain secular trends may develop but so far as labour is concerned, it has scant opportunity to increase the percentage which it takes out of the product it produces. Its hope lies in the expansion of production and increase of the national income."

There is one danger to labour so long as it holds its present attitude. The rate of mechanization depends on three things: the rate of wages, the stability of labour, and the rate of interest on money. The rate of interest on money has declined quite sharply since the last war, so that labour is faced now more than ever with the idea that the rate of mechanization may increase, and while they have a greater number to secure a larger total production per capita, they are improving the machinery and they have less opportunity to increase the proportionate share which they take of the total product.

### *Labour and the Great War*

Labour felt that it did well out of the last war. It didn't. Those employed did mighty well out of the depression but at a terrible cost to labour as a whole and with a destructive effect upon the industrial capital of the country.

The reason can be explained in two brief tables. They deal not with money wages but real wages; that is money wages adjusted for

changes in the cost of living. The figures are in the form of an index of wage rates starting with 1913, the figures of succeeding years represent percentages of that level.

TABLE No. 1—WAGES NOMINAL AND REAL  
(Figures from Canada Year Book 1939, page 841)

Year	Index of Dollar Wages	Real Wages
1913	100.0	100.0
1914	101.3	100.3
1915	102.2	99.2
1916	109.5	98.6
1917	125.6	95.9
1918	147.2	98.8
1919	173.4	105.7
1920	207.7	109.3

It will be seen from these figures that labour gained little from this period of inflation. In the seven years, 1914 to 1920 inclusive, real wages averaged only one per cent above the 1913 level, despite the fact that in 1920 the nominal wage rate was more than double the 1913 level. Gains made were washed out by higher costs of living.

There was a slow but gradual improvement in real wages brought about mainly by declines in the cost of living between 1920 and 1922. The index of real wages went up from 109.3 in 1920 to 121.8 in 1922. Then with the depression beginning in the late months of 1929, the real killing began.

TABLE No. 2—WAGE RATES—THE SECOND PHASE

Year	Wage Index	Real Wages
1926	186.3	121.8
1929	196.0	128.3
1932	177.7	142.8
1933	168.3	141.9
1937	191.7	150.8
1938	197.4	153.4
1939	198.3	155.2

It makes a nice picture. Labour gained little during the war. It did well out of the depression. Real wage rates were higher than they had even been before. Note particularly the rates for 1932, '33. Never before had a country registered its highest real wage rates in the era of its greatest unemployment.

Naturally labour would like to repeat this performance. Thus, it wants an increase in the basic rate. This quite naturally would break the price ceiling, the cost of living would rise, then when the collapse came, labour would be sitting pretty, the cost of living would fall, real wages would rise—that is of course—for the employed. The militant and vocal section of labour would have won a battle, for the organized, at the expense of the other producers of the nation—and the unemployed. These would pay the price. Labour wants Compulsory Collective Bargaining to give it added strength to carry out this plan.

Hearing adjourned until 2.30 p.m.

FRIDAY, May 14, 1943: 2.30 p.m.

The hearing was resumed at 2.30 p.m.

The CHAIRMAN: Now, Mr. Deachman, would you be kind enough to proceed.

Mr. LALONDE: If I may, I should like to ask you to describe briefly the method which you have used in arriving at these index figures on pages 3 and 4.

Mr. DEACHMAN: I took the dollar wage and divided it by the cost of living. When we adjourned I had come to the end of the third paragraph on page 4. Will proceed from there:

### *Lions in the Way*

Higher wages do not necessarily mean higher total wage and salary payments. The average index of real wages in the four years 1926-29 was 125·9. By 1930-33 this had risen to 138·1. Total wage and salary payments averaged \$2,630 million for the former period, \$2,109 million for the latter. An increase of 10 per cent in real wage rates was followed by a decline of 20 per cent in total wage payments. Increases in total wage and salary payments mean higher national income. Higher wage rates, in a static economy—

I should add there—or in a declining income.

—must lead to a decline in total wage payments.

### *Progress and Mr. Lewis*

As an illustration of these statements, we have the spectacular case of John L. Lewis. He is not the only figure in the mining industry of the United States, but judging by his influence he is one of the most important.

In 1909 there were 831,000 wage earners employed in mining in the United States. This included anthracite and bituminous coal and metal-liferous mining.

My authority for that statement is the Monthly Labour Review by the Bureau of Statistics, Washington, page 21.

Between 1929 and 1939 population of the United States increased by 44·4 per cent—but the total number of workers in the mining industry was 502,000—a decline of 39·6 per cent. Does that bring pause for thought?

The average hourly wage in coal mining moved up from an index of 40·7 in 1909 to 11·4 an increase of almost 175 per cent in wage rates—not far, it will be noted, from three times the 1909 rate—it is fully three times now.

Total wages in mining in the United States in 1909 amounted to \$511 million. Despite the growth of population, in 1939, the year of the opening of the war, the total wage bill was only \$588 million, an increase of 15 per cent over a period of thirty years in which wage rates more than doubled—and population increased 44·4 per cent.

We can get more of this if we go after it. It is only necessary to have a goodly number of vigorous labour leaders fighting for high wages for the few, thus leaving many with stark inability to find jobs.

How close the spectre of unemployment clings to the high wage industries! The following table tells the tale.

### *Wage Earners in Manufacturing, Mining and Steam Railroads*

1909 .....	8,666,900
1926 .....	10,727,100
1929 .....	10,835,100
1932 .....	6,799,300
1938 .....	8,592,800
1939 .....	9,172,900

If the employment had grown with population, the total number employed would have been 12,500,000 in 1939, bituminous coal and metal-liferous mining.



Mr. COHEN: Did you make any allowance for improved process?

Mr. DEACHMAN: I am glad you raised that question. The improvement in process is common to all major industries in the United States. It is common to high wage industry alone. It would raise a further and important matter. If this is to continue in all industry, and it will, provides the answer to unemployment, unless it be the suggestion that I make.

—and this makes no allowance for the increase in the urban population as compared with rural nor the increase in the number of women in industry. Business in 1939 had picked up with prospects of war order in 1938 the number employed in these high wage industries had declined below the 1909 level.

My authority for those figures is the one I previously quoted, the United States Bureau of Statistics.

We have still another indication of the working out of the law of economics if we take into consideration the total wage and salary payments in the United States in 1913 and 1938. Both years stand at the opening of great wars. Total wages and salary payments in 1938 were almost exactly double the level of 1913. However, if we take into account the higher cost of living and the increase which should have been brought about as the result of increases in population, we have conceded to organized labour what is at best a Pyrrhic victory. The increase in real earnings had been 5 per cent in twenty-five years. The same goal might more readily have been achieved with much less cost. Labour's supreme interest should be in full employment. Granted that labour will have no trouble taking care of itself, it will no longer need to call upon the state for assistance. Without full employment it will always be in trouble for the prosperity of a nation is measured by the size of the national income and idle men will never make the nation rich—nor will they provide the funds necessary to meet a high volume of total wage payments, nor to make payments to provide the social security now so much in demand by labour.

If I may follow that paragraph a little farther—I doubt whether it is perfectly clear as it stands—the total wage and salary payments in 1913, then, is, taking in all wages and salaries in the United States, amounted to 20 billions of dollars. The increase which should have taken place if the number of men employed had continued to increase with the growth of the population was 34.9 per cent. That brings the total wage payments up to 27.1 per cent. I now add to that the increases which should accrue according to the principles which are called for by labour itself, and which is justified in seeking an increase corresponding with the increase in the cost of living in that period. From 1913 to 1938 the cost of living increased 42.6 per cent. Add that to my 27.1 billion and you get 38.6 per cent. The actual payment was 40.4. So I concede all the gains which accrue, other than those gained from the growth of population and compensation for increased cost of living, to labour as being the direct result of labour organization, and I say it leaves us with only an insignificant sum of five per cent increase over a total period of twenty-five years.

I confess that I am not satisfied with that. I puzzled over it a long time. I have asked others who are interested in the matter if they could find any explanation. The only thing I can say—and this is but a suggestion; I do not want it carried out—is that the gains in production be passed on to the consumer in the form of lower prices, or, in the particular circumstance under discussion, under a wage rate stabilized very close to the 1913 level.

he gains to labour would be substantial but they would accrue to labour and to all men by virtue of the reduced cost prices in commodities and in increased wages. I have not yet found a means of passing on to the nation as a whole the gains which are now passing out in the form of higher rates of wages.

### *Labour's Problem*

It is extremely difficult for labour, in ordinary times, to make its wage rate increases fully effective. At other times it is far too effective. Higher wage rates increase the cost of production and are reflected in the cost of living. This reacts not only upon the workers themselves, but upon every other section of the community. It cuts down the purchasing power of labour—cuts also the purchasing power of the nation. It distorts the whole economy and impinges with great severity upon the basic producers, especially the farmers.

I have pointed out how, through the assistance of capital, production per worker has increased. In industry, on this continent, production per man-hour was 100 per cent greater at the outbreak of the war than it was in 1914. It has no doubt increased since.

From whence came these gains and to whom do they belong? They represent improvements brought about through our training and education, through research and through the steady driving force of a nation, working under a competitive economy, where success depends upon efficiency, upon capacity to do things.

At first glimpse it might be said that these gains should go to those who produce the improvements and devise the better methods. We admit this, in part, in our patent laws. These gains, in the end, become the common heritage of all. We do not now pay tribute to the descendents of Guttenberg, the inventor of the printing press. We cannot give them to capital alone, nor to labour, nor to the landlord. They are not the product of one class or group. These gains belong to the nation and should be distributed to the people in the lower price of goods. It would give to every citizen a share in human progress. It is a national dividend in the only form in which a national dividend can be given without taking it out of others. Besides it would do more than the Beveridge plan or the Marsh plan to solve the problem of social security. It would make it possible for every man and woman to provide his or her own security.

There is a very excellent illustration of the point I am trying to make. In the case of the railroads, you have seen the first railway engine which now stands outside the Royal Alexandra Hotel in Winnipeg. It is a little donkey engine—I cannot give you its capacity in comparison with the modern moguls of to-day, but the change is great. If you and I had watched that engine when it made its first trip, and could have visualized the engines of to-day, we would have had the distinct impression that the cost of moving freight with the present engine would be lower. But it is not; it is higher. Can we go on in this way, providing capital and improving our means of doing things, and then paying labour not only for the added units of work but the higher wage per current unit? In 1913 the units of work performed per employee of the railway were 195,000. By unit of work I mean the movement of one ton of freight or its equivalent in passenger traffic one mile. The cost per unit was 3.33 cents. In 1939 the units per worker amounted to 297,000, and the cost was 5.21 cents per unit. In 1913 it was a ten-hour day, and in 1939 eight hours. So that we increased by nearly fifty per cent the pay per unit of work, and paid them for the additional units of work which the new equipment had made possible.

*More Light*

We take the other road. We are interested not in labour as a whole but in certain special groups of workers. The railways afford an excellent illustration of our methods. The McAdoo Award went into effect at a time when cost of living was high. The award for that reason had some justification. If it had been made in the form of a cost-of-living bonus, the situation might have been different. In course of time, the cost of living started to decline. In 1932, in the depth of the depression, the average pay of all workers was \$1,365—this is a money wage. The cost of living that year had fallen to an index number of 81.3—on the basis of 1926=100.

Mr. COHEN: You mean to the workers on the railroad?

Mr. DEACHMAN: I am speaking of the average on the railroad from the president down.

In terms of real wages, or purchasing power, this was the equivalent of \$1,679. The following year, even after a cut in rates, it was \$1,676. We gave to our railway workers at the depth of depression the highest real wage they had ever received.

Incidentally I may add this: We did the same, but in milder fashion, with all workers. They were given it at the expense of the farmers. The extraordinary thing about it is that we are hearing rumours that the railroad men are going to ask for a higher wage. I recall the words, "Whom the gods seek to destroy, they first make mad."

When the war came in 1939, the money wage was \$1,550 with a purchasing power in terms of 1926 dollars of \$1,854. Then the cost of living went up, a bonus was provided and railway labour, which had floated upward during the decline, proceeded to drift upward with the rising current, a spiritualistic form of levitation unknown to less powerful organizations. As a body, the railway men never lose their sense of direction, it is always upward and upward.

I am speaking of the physical, not the spiritual.

I figured out one time, the gains in purchasing power accruing to the railway workers from this process. Between 1926 and 1939 it amounted to \$373,000,000.

I was present at a hearing of this Board a few days ago when it was pointed out that we have had generations without a railway strike and it seemed to be cited as something worthy of almost reverential contemplation, a perfect example for future action. What a benediction, what a cost!

If it is to be carried on in the future on the principle it has been carried on in the past, moving up at each price concession, reaching higher and higher levels, I do not know what is to become of the purchaser, because I do not know what is to become of democratic government. I listened to-day while a strong argument was being put to you in favour of the application of democratic principles. I come before you and suggest that we try to avoid a negation of democracy in the wage problem. We cannot proceed long at the pace we are going, and we must find a new approach.

*The Better Way*

What then is the remedy for these difficulties. I would like to suggest that it lies in an altered point of view. It calls for the consideration of a problem in its entirety—we must see things whole and



not in part only. Labour goes forward as the nation goes forward. We cannot have a prosperous nation if the cities fight against the country, if labour fights capital and capital fights labour. Much less is the hope where labour fights labour over the collection plate and the employed strive to take all and let the unemployed fend for themselves. How can we, as a nation, expand the national income under these conditions? There, as I see it, is the problem!

I suppose these suggestions might be defined as the reiteration of the golden rule which, after all, is only the denial of the meaner aspects of human selfishness and the acceptance of the idea that we shall prosper more through united effort than through internecine strife.

There is no reason to believe that wiser action is impossible. Every difficulty can be solved by intelligence. I congratulate the Board on bringing this question into the light for free and open discussion.

The CHAIRMAN: Thank you very much, Mr. Deachman. Now, Mr. Sullivan, are you ready?

Mr. J. A. SULLIVAN (Trades and Labour Congress of Canada): Mr. Chairman. Miss Ray Rootenberg will present the brief of R.C.A.-Marconi Local 1028-B, International Brotherhood of Electrical Workers, Montreal.

MISS RAY ROOTENBERG: Mr. Chairman, and members of the Board:—

In the early part of May, 1942, the Metal Trades Council of Montreal and vicinity began organizational work in the plants of the R.C.A.-Victor Company Limited and the Canadian Marconi Company Limited.

The Metal Trades Council was led to undertake this work in the electrical and radio field by the requests of workers in both the above-mentioned plants who were working under conditions which must be described as highly unfavourable to the efficient output of vital materials of war.

At the time of the union's first approach to the workers of R.C.A., for instance, women in the company's employ were earning as little as 23 cents per hour, and rates as low as 32 cents per hour were common among male employees. We found that workers, unwilling and unable to stay on the job at such rates, were constantly leaving creating a labour turnover of shocking proportions, as high as 72 per cent yearly. Absenteeism was chronic throughout the plant.

Conditions at the Marconi plant were very similar.

After some four months of organization and negotiation, during which the Council had recourse to the conciliation and arbitration machinery provided by the Federal Department of Labour, the Metal Trades Council signed a contract with the R.C.A.-Victor Company, providing for the recognition of the union, the establishment of a Grievance Committee, and a Joint Labour-Management Production Committee, and other improvements. An understanding was arrived at that all clauses pertaining to wages should be referred to the Quebec Regional War Labour Board.

At that time, the Metal Trades Council recognized the jurisdiction over the electrical industry of the International Brotherhood of Electrical Workers, and a local of that Brotherhood was set up for all union members at R.C.A.-Victor and Marconi.

On October 27, 1942, following upon a period of unsuccessful negotiation between the Union and the R.C.A.-Victor Company, the union submitted an unilateral brief to the Quebec Regional Board, asking for increases in the basic wage rates at R.C.A. There followed a succession of delays and evasions on the part of that Board which lasted until February 8, 1943. What occurred during this period shows, we believe, how inadequately the Quebec Board measures up to its task, and how unheeding that Board has been of the legitimate claims and real grievances of the workers, preferring instead to pursue a narrow, legalistic line of reasoning which is hopelessly insensible to the realities which daily confront our workers.

To our first submission, the Board, after a lapse of almost eight weeks' time, replied:

"The comparison between rates of wages shows that the majority of wage rates paid at similar firms in the same locality are not higher than those actually prevailing at the R.C.A.-Victor Company. Any changes that could be possible are *only of minor importance* (emphasis ours) and this Board regrets not to have any . . . motives to grant permission for a general increase in wages . . . !"

Fortunately, the union had in its possession a schedule of wage rates permission to pay which had been granted by the Board to a company-union set up by the Marconi Company in August, 1942, as a means of blocking the union's campaign at that plant. According to this schedule, rates at Marconi were anywhere from five cents to ten (\$0.10) cents more per hour than those obtaining at R.C.A. When this differential is considered in the light of hourly rates of less than forty (\$0.40) cents per hour, it will be seen that the changes which the Board forebore to order because they would be only "of minor importance" were changes of from twenty to thirty per cent.

When we confronted the Board in December with these figures we secured a promise that our case would be reconsidered. On February 8, as we have mentioned, the Board handed down a ruling granting certain limited increases which, be it noted, did not yet bring the level at R.C.A. up to that which had been granted at Marconi, but which we felt constrained to accept in view of the extremely serious situation which had developed among the workers during the long delay since our original submission.

It is quite obvious to us that the Board, in this case, swallowed wholly the arguments presented against our case by the R.C.A.-Victor Company, and ignored wholly the brief which we presented which contained a wealth of facts and figures amply supporting our demands.

Our own experience, and the experiences of other sister unions, forces us to the conclusion that the present Regional Board in Quebec is completely callous in respect of the serious disabilities under which the workers labour, and is rendering a great disservice to the cause of national unity to which our movement is dedicated.

There is yet another episode of our relations with the Quebec Board which we wish to mention here briefly because it will give your Board a further insight into the functioning of the control here in Quebec.

On February 22 last we asked the Quebec Regional Board to reconsider its ruling of the 8th to the effect that:—

"increases currently . . . granted are not to be extended to the wood-working department of the (R.C.A.-Victor) Company," and that, "work on Sunday should be paid at time-and-a-half, and not at double time as requested by the union."

One month later, on March 22, the Board turned down our request, quoting copiously from the company's opposition to our submission which stated that while most of the work done by the cabinet factory is for military purposes, it is not obtained on a "cost-plus" basis which would permit the company to recover additional costs . . . and that because of the competitive conditions in this province if additional labour costs were ordered by the Regional Board, no alternative existed for the company but to close its doors.

Mr. COHEN: Is that a quotation or a summation?

Miss ROOTENBERG: It is a summation.

For this reason, the Board refused to revise wage schedules in the cabinet department of R.C.A., and by its refusal implied that the government encourages the execution of war contracts by firms who pay wages below the subsistence level.

The CHAIRMAN: You ask for an increase in the woodworking department of R.C.A.-Victor. Evidently from your summary and what the Board dealt with, the position seems to have been taken that most of the work done in the factory is for military purposes. I am wondering about the application of the Order in Council which fixed the 35 cent minimum.

Miss ROOTENBERG: There is a 35 cent minimum in the cabinet factory.

The CHAIRMAN: In other words your application was for classification over and above the 30 to 35 cents?

Miss ROOTENBERG: Yes. When the Board gave its decision on the 8th of February they gave certain increases throughout the R.C.A. and they subsequently stated that these wages should not apply to the cabinet factory.

(Reads) The cabinet department to which we refer employes between 125 and 150 men and women. The huge labour turnover, caused by the low wages, obliges the company to regard a large proportion of these employes as "floating" labour which comes and goes. Of the remainder, which may be called the "permanent" staff, only twenty-five workers earn fifty cents an hour or more, and these twenty-five have a combined total of 272 years' service in the company. Among the rest are workers with from two to eighteen years' experience and service who earn from 35 cents to 45 cents an hour.

Mr. COHEN: You have not a break-down as between men and women there, have you?

Miss ROOTENBERG: All the people earning fifty cents an hour, or more are skilled cabinet workers.

Mr. COHEN: Are those the men you refer to when you say: "Among the rest are workers with from two to 18 years' experience and service who earn from 35 cents to 45 cents an hour"?

Miss ROOTENBERG: For the men. It is only recently they have taken women in. All those with more than two years are men. The brief continues:

In view of the Board's refusal to revise these conditions, are we to go to our members and tell them that they must be satisfied with rates substantially lower than those paid in other departments in R.C.A., because the government pays too little for contracts in the cabinet department to



avail them a living wage? The serious effect of the Board's refusal to deal with this case on its merits is felt not only among the workers of R.C.A.'s cabinet department, but among the 1,600 workers of the whole plant, and more than that, a situation of this kind gives rise to a dangerous kind of cynicism amongst all war workers to whose attention it comes.

If the alternative to substandard rates on such work is the closing-down of the department (and this argument was the main reason for the Board's refusal to revise the rates), then we must ask that your Board recommend that the government ascertain, when awarding contracts on a competitive basis, that a living wage is guaranteed all those working on the contract.

One final word on this point: Upon the Regional Board's refusal of our request for rate revisions in this department, we applied to them for permission to appeal the ruling to the National Board. The Regional Board informed us on May 1, last, that since the ruling from which we desired to appeal was given at its meeting of March 17, and since the right of appeal to the National Board was created only after that date, the Board could not, consequently, give any authorization to appeal to the National War Labour Board.

Mr. COHEN: Did they indicate to you that you had the right to apply to the National Board itself for leave to appeal?

Miss ROOTENBERG: No, they did not say that.

Mr. COHEN: You have that right.

The CHAIRMAN: You may make application here for leave to appeal.

Miss ROOTENBERG: We shall do that.

Mr. COHEN: We are not inviting it, but we feel that you should know your rights.

Miss ROOTENBERG: Continuing the brief:—

Here is the way in which the workers of Quebec, denied justice by their Regional Board, are prevented by legalistic punctilio from taking their case to a higher court. Here is the way in which bitterness is engendered among the workers. Here is the way in which the strike-weapon is spotlighted by the action of a narrow-minded Board, as the only way in which workers can obtain action upon their grievances and alleviation of the unjust conditions to which the Regional Board condemns them.

The course of our campaign and the lessons thereof at the Marconi plant in Montreal are enumerated in detail in the chronological report which is appended hereto. This report has already been placed before your Board as an addendum to the brief of the Trades and Labour Congress of Canada, who prepared it from material supplied by our Local which is an affiliate of the Congress.

May we draw to the Board's attention the fact that at the time of writing, Jacques Rouleau, who was fired by the company for union activity at Marconi, and who, following upon a hearing instituted by the Department of Labour, on April 24, last, was ordered reinstated with full payment for lost time, has not yet been taken back into the company's employ.

The Rouleau case is a classic illustration of the ineffectiveness of the legal protection which exists for workers who pursue the right to organize freely. The company has made use of the cumbersome conciliation procedure which now obtains, in order to stall the Union's campaign for recognition, and when it suited their purpose, refused to accept the recommendations of the majority report of the Conciliation Board.

Mr. COHEN: There was a conciliation board report in connection with Marconi?

Miss ROOTENBERG: Yes, there was a conciliation board report in December, in which the majority recommended the government supervise a vote to be taken in the plant.

Mr. COHEN: Was that followed up?

Miss ROOTENBERG: The company refused to comply with that. They made a promise that a vote would be taken at the end of March.

Mr. COHEN: Is that the case where the company itself is taking the vote and refused the services of the government department?

Miss ROOTENBERG: Yes, the Department of Labour has asked them persistently to allow a government-controlled vote. They have refused to do it.

Mr. COHEN: There have been several telegrams about that. We know something of the details. I wanted to identify it.

Mr. LALANDE: Is this the case that is before the court on injunction proceedings?

Miss ROOTENBERG: Yes, that is right.

Mr. COHEN: That is the one case where a company sued a union for an injunction?

Miss ROOTENBERG: Yes.

They have given promises to the officials of the Labour Department, and then they have proceeded to violate those promises. But in spite of this, the department has exhibited a leniency towards the company which can be explained in part by the sad lack of adequate legislation which would afford the department some legal recourse to bring the company into line.

The absence of severe penalties for anti-union discrimination has permitted the company to proceed cynically against individual workers who are guilty only of helping to establish the union organization at Marconi. The company has been following a policy of firing people first, and then allowing the union to raise questions later—questions which have to go through the time-consuming channels of a government investigation, while in the meantime, the object of the company's discrimination remains out of the plant and out of work, and the workers are deprived of his help and leadership.

In the case of Mr. Rouleau, the company has flatly contravened the Minister of Labour's order that he be reinstated. When asked for an explanation through legal channels, they informed the union that an "arrangement" had been made between the company's counsel and the Deputy Minister of Labour, Mr. McNamara—

Mr. COHEN: What do you mean by "legal channels"—for the union or for the company?

Miss ROOTENBERG: Our lawyers wrote the company. It was only then they learned it was an understanding between the company and the Department of Labour.

Mr. COHEN: I just wanted to know what you meant by the channel.

Miss ROOTENBERG (Reading):

—whereby the minister's order would be held in abeyance for a week, pending the introduction of new "evidence" by the company. This indulgence of the company's stalling policy makes a mockery of the entire

investigation procedure which, be it noted, in the case of Rouleau alone was conducted before the commissioner for a period of more than a week.

The company grows bolder with each successful violation of the workers' rights, and the union's position opposing strike action becomes more and more untenable. There is common talk among the workers to the effect that were we not bound by a pledge not to strike, the whole Marconi affair would have been settled long ago.

The workers of Marconi are aware that the parent company in England is one hundred per cent unionized. They realize that if the company has been able, so far, to dodge the issue of union recognition here in Quebec, it is because the company, intent upon maintaining full control over its workers and their working conditions, can twist the weak labour legislation of our land to its own taste.

We declare that unless justice is done the workers of Marconi, there will be grave disorder not only at Marconi, but also in many fields which are contiguous to the one in which the Canadian Marconi Company operates. The feudal attitude of the company must be broken, and the spineless attitude of the Labour Department must be stiffened. The rights of workers to organize must be made real by the passing of legislation which will provide stiff penalties for such acts of sabotage against the morale of the workers as have been committed by the Canadian Marconi Company.

In considering this brief in behalf of the workers of the electrical and radio industry in Montreal, we ask the Board to bear in mind that the things which have been here recounted affect a group of workers whose contribution to Canada's war effort is most important. Upon the successful production of radio receiving and transmitting equipment rests the outcome of crucial battles and the fate of many thousands of the lives of our fellow-Canadians sons and brothers, who will soon be locked in combat with the enemies of our country.

We urge you to take such steps and to make such recommendations as will clear the way for that all-out production of which necessity the workers are deeply convinced even in the face of a narrowness of policy exhibited by such companies as Marconi which tends to discourage and demoralize.

We ask your Board to recommend to the government the passing of legislation which will provide adequate protection against discrimination for union activity; we ask you to press for the establishment of compulsory collective bargaining between the chosen representatives of the workers and their employers, and for the disallowance of company unions which are in every case used as instruments of pressure upon the workers.

We ask you to look into the conciliation procedure provided by the Industrial Disputes Investigation Act, and to recommend its replacement by a more efficacious means whereby workers and employers may regulate their differences.

We ask that your Board condemn the inefficiency and the inadequacy of the Quebec Regional War Labour Board which has failed miserably to understand the peculiar conditions obtaining in this province, and which must bear the responsibility for much of the unrest and the continued dissatisfaction which exists among the workers of Quebec whose claim to a basis of equality with their fellow-Canadians in other provinces must be recognized.



We ask for the establishment of a newly reconstituted board to take the place of the present Regional Board in Quebec.

With regard to such a board, we would ask that its members be empowered to revise rates in industries where the basic wage does not reach \$25 per week exclusive of the cost-of-living bonus, even though these rates may not be lower than those in similar firms of the same locality. Moreover, we are of the opinion that more attention should be paid to the raising of maximums, once minimums have been raised, so that a highly skilled worker with long experience is not obliged to work for a salary which is only slightly higher than that which is justly paid to the new and relatively unskilled worker.

We believe that the key to the settlement of Canada's serious labour problem is the implementation of these suggestions. We are confident that your Board is intent upon the correction of the present chaotic situation, and that it will proceed to that end along the lines which are here indicated.

Before I sit down there is something I would like to say about a subject that is not mentioned in this brief. When the Metal Trades Council started to organize in Montreal last spring, its slogan was "100 per cent organization for 100 per cent production." We have tried in our brief to show you how true that was. Before I came there, there was a labour management production committee. They have a very successful one in New Jersey, so that they insisted on one in this plant. They appointed seven of their oldest employees, who had had up to twenty-six years' experience, and called them the employees' representatives on this labour management production committee. It was a board which functioned in name only. They have to learn in Canada how such committees work. They had not taken into consideration the fact that at Camden they had a strong committee which worked with the production committee. Our union came in last fall. In November the employee representation on that committee was changed to seven delegates from the union. We have seen a tremendous change in that committee. Where at the beginning problems taken up were about congestion on the stairs, or not enough drinking faucets, in the six months the union has been in there we have tackled real production problems, and the fact that there is a union there makes the employees speak out.

When we first came there we tried to get the employees to show interest in their work and its effect on production. One young lad who was working with a jig has received several prizes for suggestions. He said that the jig was entirely unsatisfactory. I asked him why he did not make a complaint, and he said the supervisor was the one responsible for making the jig, and if he brought his complaint to the company's attention his supervisor would say he had got him in wrong. There is no such feeling to-day, because case after case of weakness in production which only the worker on the job can realize is brought to the attention of the company. We work together to improve quantity and quality, in such a way that any representative of the company will speak in favour of the union because of the fact that we are definitely helping production.

The figures are very interesting. We have a campaign to reduce absenteeism. We have remarkable figures in some departments. General absenteeism in the plant is three per cent, which is half the general figure throughout the country. We get remarkable figures of no lost time for a week among 100 workers. The absentee figures show 1.86 per cent for a whole department. I do not know what the general records are for absenteeism, but I know it is a tremendous amount. The union and the management of the plant cooperate because they really want to see the work go out. Even members of the union committee are surprised that such things can be done.

Mr. COHEN: You are speaking of R.C.A. when you tell of these conditions?

Miss ROOTENBERG: Yes.

Mr. COHEN: The point you make is that the sense of security the recognition of the union furnished to the workers encourages people to do these things with respect to production and absenteeism.

Miss ROOTENBERG: Yes.

Mr. LALANDE: When did you say the company was unionized?

Miss ROOTENBERG: We started contact with the company last September.

Mr. COHEN: That is with the Victor Company?

Miss ROOTENBERG: With R.C.A.-Victor. The one local covers the two plants.

Mr. LALANDE: To what extent is the plant unionized? What proportion of the workers belong to the union?

Miss ROOTENBERG: At one time when votes were taken—

Mr. COHEN: Which plant?

Miss ROOTENBERG: R.C.A.—there were 1,185 who voted for the union and  
122 who did not.

Mr. LALANDE: What was the purpose of this vote?

Miss ROOTENBERG: It was government-supervised, to determine whether the employees of Victor wanted to be represented by the Metal Trades Council.

Mr. LALANDE: That is the vote which you say the company refused to recognize?

Miss ROOTENBERG: No; that is the R.C.A. We signed the contract.

The CHAIRMAN: In R.C.A. the union is in, but not in Marconi?

Miss ROOTENBERG: Yes.

Mr. COHEN: You are trying to emphasize the difference between one plant and another?

Miss ROOTENBERG: It is the same Union Local that represents the workers in both plants. The Marconi Company Council is conducting a campaign against the union and calling them irresponsible outside agitators. It is the same local in this plant as in the R.C.A. where we have changed the relationship between employees and employer until to-day people who have been in the plant for years cannot realize it is the same place. I am making the point that when the union realizes its responsibilities, production can be improved, and the morale of the workmen can be improved as well.

Mr. Rouleau is going to tell you something about the circumstances of his own case.

The CHAIRMAN: That is hardly a case with which we can deal in this matter. It is made quite clear. We have no jurisdiction at all to help Mr. Rouleau or any other individual.

Mr. COHEN: His case is vindicated so far as its merits are concerned by the direction from the Minister of Labour that he be reinstated.

Miss ROOTENBERG: Yes.

Mr. COHEN: That direction being on the ground that his discharge was motivated by his union activity. The point you make is that there is nothing in the legislation which covers that point, or which really protects the worker. You suggest that the company is able to ignore the minister's order. That is what it amounts to.

Miss ROOTENBERG: Yes, that is right, but the ordinary worker at Marconi does not understand that there is no real legislation to back up the order of the minister, and the sentiment around is that the company can do as it likes, if we go to the government or if we go to law.

The CHAIRMAN: I think you have made that clear. It would only be a waste of time to go into something over which we have no jurisdiction.

Mr. SULLIVAN: I want to point out that there is correspondence which Mr. Rouleau has here to show that for the last three months they have been trying to get him back into the plant.

Mr. COHEN: Who has?

Mr. SULLIVAN: The Department of Labour.

Mr. COHEN: That is already before us.

Mr. SULLIVAN: Yes, but I wanted to bring out that Mr. Rouleau has correspondence from the department, which I thought would be of great value to the Board in any recommendation they wish to bring in to deal with other cases of this type.

Mr. COHEN: What is the purport of that correspondence? We assume he was unjustifiably discharged, because the minister has ordered his return. It is not contradicted that the minister's order is being ignored by the company.

Mr. SULLIVAN: I think we will have to accept that ruling.

Mr. COHEN: If you have nothing to add to that, there is no object to going into the circumstances of his case. He has won it, so far as the case itself is concerned. What you are complaining of is the gap in the legislation?

Mr. SULLIVAN: That is right.

Mr. COHEN: Repeating the details of his case twenty times does not further emphasize the gap between the legislation and the intended objective.

Mr. SULLIVAN: I would have liked the Board to see the correspondence so that they could draw to the attention of the minister the fact that there is a man in this country who cannot get a job.

Mr. COHEN: Would it establish anything more? Can you say anything more than (a) that he was discharged because of union activities; (b) that the minister ordered his reinstatement, and (c) that the company refuses to reinstate him? Will the correspondence establish anything more than that?

Mr. SULLIVAN: Outside of the fact that you will have the written evidence.

Mr. COHEN: No one is questioning the facts.

Mr. LALANDE: I think your suggestion is that there should be a writ of sequestration?

Mr. COHEN: If the matter was contradicted you would have an opportunity to go into further details.

Mr. SULLIVAN: Is there any board which has the power to intervene in a case like this?

Mr. COHEN: All this Board is doing at the moment is conducting a public hearing into labour relations and wage conditions. If you have any application to make to the Board as a Board you have the right to do so, but not when it is conducting a public inquiry.

Mr. LALANDE: I think Mr. Sullivan wants to know if the National War Labour Board has jurisdiction to order something to rectify this situation.

Mr. SULLIVAN: That is right.

Mr. LALANDE: I do not think we have.

Mr. SULLIVAN: The point I wanted to bring out is that this company is making important apparatus for the government, and we have perfect harmony in the other plant and want to see it in this one. I have every respect for the Board and this Board should have the right to recommend to the minister that steps be taken in this matter.

Mr. LALANDE: Perhaps the only thing we could do would be to bring this brief to the attention of the Minister of Labour.



Mr. SULLIVAN: Well, that might help, although the company seem to think they are bigger than the government because they are working exclusively on war contracts. I cannot see why there is not some power in this country that could order the taking over of the plant. The Quebec Council of the Trades and Labour Congress passed a resolution asking that the government be approached to see if the Marconi plant, in the interests of the war effort, could not be taken over.

The CHAIRMAN: I think we understand the situation, Mr. Sullivan. Thank you.

All right, Mr. Lyons.

Mr. D. S. Lyons (International Association of Machinists):—Mr. Chairman, I would like to present our brief to you.

The views of certain sections of our membership will be presented to you by the Railway and Aircraft groups, but we have a very large number of members in other branches of industry engaged on war work, and I am glad of this opportunity to offer a few observations on their behalf.

I noticed that, at the preliminary hearing before the Board, certain representatives of employers criticized the craft unions as undesirable on the ground that being possessed of special skill, and often occupying key positions, they exercised an undue influence, and that thus a small minority could embarrass management or hold up production.

Mr. COHEN: Who made that criticism?

Mr. LYON: I believe it was one of the representatives of the manufacturers.

I cannot recall what his name was.

I would point out in connection with this criticism that it would be just as impractical to lump various trades or categories of workers together and secure for them adequate representation, as it would be to require doctors to speak for lawyers, or architects to speak for dentists.

It is charged against the International Trade Unions that they are under "foreign control," that labour disturbance is caused by "agitators from across the border," etc., and it is urged that Canadian labour should be organized in purely Canadian unions.

The international unions were not forced upon Canadians, they developed as a result of a community of interest, of similar economic conditions, of geographical propinquity, of the interchange of labour from one side of the border to the other, of the close connection of employing interests in both countries and by reason of the enormous and inescapable influence that the industry of 130 million people exercise in our country.

The Canadian membership of international unions exercise almost complete autonomy, they are in no way dominated by "foreign influence" in the handling of their own concerns. So far as the influence of the higher counsels of their organizations are concerned it is, in ninety cases out of a hundred, exercised in the interest of peace, and brought to bear rather to restrain than to inflame.

It might be further mentioned that the close connection between Canadian and United States labour has certainly proved to be an asset in our own war effort and that, throughout the years, it has been a potent influence in preserving that "friendly neighbour" relationship of which we boast.

May I also point out that the industrialists and financiers of Canada betray no such national jealousy when dealing with their own interests. Capital knows no frontiers. Labour has never sought to

interfere with the international affiliations, interlocking interests and common policies of their employers on both sides of the line, and we make the modest claim that perhaps we have a better knowledge of where our interest lies, than some of those who seek to advise us.

At the outbreak of the war the international unions in Canada were foremost in approaching the government to offer their fullest cooperation in its successful prosecution. They urged that a common policy should be formulated by the government, by employers and by organized labour; that labour should be given representation on administrative boards that dealt with its activities and that a common spirit of goodwill and good faith should be enlisted in the common effort. It was with this object in view that the international unions in Canada through the instrumentality of the Trades and Labour Congress urged the government to extend the provisions of the Industrial Disputes Investigation Act to cover all war industry.

The Prime Minister expressed himself emphatically as in accord with the representations made to his government but we soon found to our cost, that his views were far from being shared by other members of the cabinet. The direction of labour matters appeared to be taken out of the hands of the Labour Department; its decisions were apparently without authority or subject to revision and control by officials other than those in the Department of the Minister of Labour. In fact it soon became apparent that the government had no collective labour policy. Each department of government acted independently and as it were, in water-tight compartments.

As far as the employers were concerned, we met with little response from them, in our endeavours to secure wholehearted cooperation. Generally, although of course there were exceptions, they seemed to think cooperation with labour unnecessary, or indeed as dangerous, and seemed by their attitude to think coercion better than persuasion. In this connection I may instance the shipbuilding conference, that was called at the request of the international unions, in the early stages of the war, with results that are notorious. No single representative of the shipbuilding employers would commit himself, or even express an opinion. Whether the result of that refusal to even try and work out a program and common policy with labour has been healthy for the shipbuilding industry in Canada I leave the Board to judge.

As far as the operation of the Industrial Disputes Investigation Act was concerned, although extended to cover all war industry at our request, our experience was not happy. Instances were not wanting of the chairmen of boards of conciliation and investigation, appointed by the Minister of Labour, who after hearing all the evidence and completing their hearings, went to Ottawa to receive instructions as to the kind of report that would be acceptable to the particular department of government concerned.

It was surely not surprising that the confidence of labour in the professions of the government were undermined and that unrest became widespread. Labour in fact seemed to be regarded as a nuisance to be lectured, hectored, regulated and controlled but not to be consulted, or if consulted its representations were heard only to be ignored.

It was in such an atmosphere that the War Labour Boards were set up, and the hopes of labour were again raised that impartial and fair hearing would be given to matters referred to them and judgment

rendered according to the evidence and the facts. It is not necessary to elaborate here on the general failure of the Regional Boards to improve the situation. Long drawn out delays, inconclusive reports, lack of authority, and political interference soon destroyed confidence in them, and labour disturbance became more widespread and more acute.

We are constantly being advised as to the necessity of cooperation and harmony between the various rival labour organizations themselves, and we fully realize the desirability of this, but counsels of perfection are easier to give than to carry out. I note that a good deal of this advice comes from political groups who are not notorious for cooperation themselves, and are not above fishing in troubled labour waters for political advantage.

We have high hopes that your honourable Board, under its distinguished chairmanship, will do much to ventilate and improve the unhappy situation that now exists in industrial relations. We have confidence in it. We believe that it will bring to bear upon the situation a non-political, impartial, judicial attitude of mind that will do much to clear away the cobwebs and sweeten the atmosphere in which we have hitherto been operating.

In conclusion I wish to say that I have been impressed when meeting the Cabinet, with the sincerity of the Prime Minister and his evident anxiety to have his own pledges to labour implemented, but I realize, as we all must, the heavy burden he is carrying and the practical impossibility of his giving much attention to the detailed work of special departments of government. With respect to labour matters he relies on his ministers to carry out his avowed policy which, only too often, those ministers have completely failed to do.

The CHAIRMAN: Thank you very much, Mr. Lyons.

We will adjourn now, as far as public inquiry is concerned, to the 25th of May at 2.30 p.m. At 10.30 on Tuesday next we are to hear the unions and coal operators from Alberta and British Columbia.

I may say in conclusion that when we do take up the hearings again on the 25th we hope that we shall be able to arrange matters so that the hearing will go right ahead to a conclusion, instead of any further interruptions taking place.

Hearing adjourned until Tuesday, May 25, at 2.30 p.m.



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# NATIONAL WAR LABOUR BOARD

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## PROCEEDINGS

Official Report

No. 5

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SUBJECT:

### Labour Relations and Wage Conditions in Canada

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HEARING: OTTAWA

DATE: MAY 25 and 26, 1943



OTTAWA  
EDMOND CLOUTIER  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1943





# NATIONAL WAR LABOUR BOARD

## LABOUR RELATIONS AND WAGE CONDITIONS IN CANADA

Proceedings of Public Inquiry held in the Board Room of the Board of Transport Commissioners for Canada, Union Station, Ottawa, on Tuesday, May 25, and continuing on Wednesday, May 26, 1943.

### PRESENT:

The Hon. Mr. Justice C. P. McTague, J.A., Chairman  
Mr. J. L. Cohen, K.C., Member of the Board  
Mr. Léon Lalande, Member of the Board  
Mr. D. G. Pyle, Secretary.

### APPEARANCES:

Donald Gordon ..... Chairman, Wartime Prices and Trade Board, Ottawa.  
Lorne Campbell ..... Consolidated Mining & Smelting Company Limited, Trail, British Columbia.  
D. Kenneway ..... Chairman, Workmen's Co-operative Committee, Consolidated Mining & Smelting Company, Trail, British Columbia.  
C. E. Rice.....  
Paul Béique ..... President, Chamber of Commerce of the district of Montreal.  
Maurice Trudeau ..... Treasurer, Chamber of Commerce of the district of Montreal.  
Jacques Melançon ..... Asst. Secretary, Chamber of Commerce of the district of Montreal.  
Dr. Léon Lortie ..... President, Canadian Institute of Chemistry.  
K. M. Cameron ..... President, Engineering Institute of Canada.  
L. Austin Wright ..... General Secretary, Engineering Institute of Canada.  
Alex. E. MacRae ..... Canadian Institute of Mining and Metallurgy; and Dominion Council of Professional Engineers.  
A. J. Hazelgrove ..... Royal Architectural Institute of Canada.  
N. F. Parkinson ..... Secretary, Ontario Mining Association.  
E. J. Young.....  
R. K. Rowley..... Canadian Representative, United Textile Workers of America.  
Elzéar Lapierre ..... President, Huntingdon Local, United Textile Workers of America.  
Trefflé Leduc ..... President, Valleyfield Local, United Textile Workers of America.  
Mlle Madeleine Parent.... Organizer, United Textile Workers of America, Montreal.  
A. Beaucage ..... President, Montreal Local, United Textile Workers of America.  
François Dessureault ..... Representative, Huntingdon Local, United Textile Workers of America.  
Alfred Gendron ..... Representative, Montreal Local, United Textile Workers of America.  
Charles Birs .....





# VOLUME V

(Hearings of May 25 and 26, 1943)

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Pursuant to adjournment the hearing was resumed on Tuesday, May 25, 1943, at 2.30 p.m.

The CHAIRMAN: Mr. Gordon, will you proceed with your brief, please?

Mr. DONALD GORDON (Wartime Prices and Trade Board): Mr. Chairman and Members of the Board, I desire to make the following submission:—

Wage and price control are essential and interlocking parts of the government's program to control the cost of living. Both are vital if Canadians are going to prosecute the war efficiently and prevent a grossly unfair distribution of its economic burdens. I do not think anyone would claim that the policy of wage control is desirable for its own sake. It exists simply because the government's policy of keeping down the cost of living could not possibly succeed without it.

In responding to the invitation of the National War Labour Board to make a statement before this inquiry I do not intend to deal with questions involving the administration of wage policy—that is the responsibility of the Labour Board. But as Chairman of the Board charged with administration of the price ceiling, it is incumbent on me to emphasize how much the price ceiling depends on wage control. I am glad to have the opportunity of doing so because it would be virtually impossible to hold the cost of living down without widespread public understanding of this fact.

The government adopted the price ceiling policy toward the close of 1941, because Canada had reached a stage in its war effort when everything pointed to an accelerating rise in the price level—to an even more rapid increase in prices and living costs than occurred from 1917 to 1920. I shall not attempt to enlarge upon the causes of the rise which had already taken place, nor upon the consequences if it had been allowed to continue, because these are matters of common knowledge. There is general agreement that if the cost of living were not kept down, every important group in the community would lose from the confusion, the maladjustments and the bitterness that would follow. Moreover, a rising cost of living would discriminate particularly against people with large dependent families and the worst and most immediate sufferers would be those groups which were in the weakest bargaining position.

The volume of things available for civilians to buy to-day is limited. If, through higher wage rates or selling prices, some groups can increase their income and obtain a greater share of the limited total of things available, then others have to do with less. Under conditions of free bargaining, strong groups would inevitably gain relatively to and at the expense of those whose strategic position is weaker. I have in mind many classes of low paid labour as well as old age pensioners and soldiers' families. It is people like these who have benefitted most from the government's policy of control over price and wage bargaining, and who would lose most if that policy broke down.

For the great majority of wage-earners and the great majority of all Canadians there is no need to argue the desirability of the price ceiling. So far as we in The Wartime Prices and Trade Board can judge, most people feel the cost of living has gone up too much already. Moreover, support for the government's price policy could be found, if it were needed, in the actions of every other country which is engaged in a substantial war effort and has the means of organizing that effort on an efficient basis.

As consumers, we all want to see prices kept down. However, this cannot be done unless costs of production and distribution can also be kept down, and here nearly all of us are interested as *producers* in seeing some particular item of cost go up, such as wage rates, salary rates, farm prices, or profit margins.

Can we reconcile our interest as producers with our interest as consumers, and with the welfare of the country as a whole? This is one of the most severe tests that Canadian civilians face during the war period.

Prices cannot be kept down indefinitely unless costs are also kept down. But many types of cost have already gone up, unavoidably. For example, shortage of shipping, and high rates for war risk insurance have greatly increased the cost of necessary imported materials; shortage of materials has necessitated the use of more expensive substitutes; and shortage of labour has led to the use of less experienced and less efficient workers.

Earlier in the war it was possible to absorb such increases in cost because the volume of production was expanding and overhead costs were being reduced. At this earlier stage, the chief threat to price stability was the rapid increase in incomes which could not be matched by an increase in the supply of things available for consumers to buy. This threat remains in an extremely acute form (see Appendix A), but it is now overshadowed by the danger of rising material and labour costs. In most industries production is about as high as it can be expected to go—in some cases output is declining—and falling overhead costs no longer exist as a cushioning factor.

It is true that there is still some room for elimination of waste in producing and distributing goods, through simplification, standardization and the elimination of frills in general. The Wartime Prices and Trade Board recognizes its responsibility in this field and is pushing its program of cost reduction as vigorously as possible. It is obvious also that an effective use of the existing labour supply is an important factor in keeping down industrial costs and that a serious responsibility exists in this field. However, the two major cost factors, which can make or break the price ceiling and the whole stabilization program, are wage rates and farm prices.

I shall not discuss the question of farm prices except to point out that if wage increases were to become widespread there would be small chance of preventing a comparable rise in the prices of farm products. Through its effect in increasing the cost of living bonus, this would raise wage rates generally and Canada would again be launched on the inflationary spiral. I am certain that for psychological as well as other reasons no one factor in costs can be isolated from the rest. As one type of cost increases, other types will inevitably join the rise. I believe that if we Canadians cannot hold down food and labour costs, and all other controllable costs *at the same time*, we shall have to abandon the price ceiling.

As far as wage stabilization is concerned, it would appear that the principle has been pretty generally accepted in relation to higher paid workers. Controversy seems to centre mainly on the extent to which the principle can be relaxed in the case of low wage rates.

In this connection it is worth noting that the heavy and progressive income tax increases imposed since wage control began in November, 1941, have considerably improved the *relative* position of low-paid workers in comparison with those at higher incomes (See Appendix F). Moreover, it should not be overlooked that in so far as low-paid workers can be identified with those who have weak bargaining power, they are the ones who have gained most from the stabilization program to date, and who would lose most if it broke down in the future. The question is whether their relative position can be further improved through wage increases now without precipitating such a breakdown.

The National War Labour Board has the responsibility of deciding whether this is possible, but there are certain facts I should direct attention to at this time.

First, wages and salaries account for 60 per cent of all production and distribution costs in Canada, excluding depreciation and taxes. (The remaining 40 per cent goes to farmers, shopkeepers, doctors, other people in business for themselves, landlords and investors, etc.) These figures show clearly why labour costs are such a critical factor in maintaining the price ceiling.

Secondly, under present conditions, every increase in wage rates, "unless it is accompanied by a corresponding increase in output," involves an increase in costs which must be borne by the community in one or more of the following ways:—

- (1) through price increases;
- (2) through direct subsidies from public funds;
- (3) through indirect subsidies from public funds in the form of reduced government revenues.

(1) If wage increases are passed on in the form of higher prices for the goods affected, the results are obvious. The cost of living goes up, an increased cost of living bonus becomes payable, other producers' costs increase, and the familiar inflationary spiral gets under way. For this reason, The Wartime Prices and Trade Board has not accepted wage increases as a justification for raising prices. Nevertheless, if labour costs *were* rising an impasse would soon be reached.

The extent to which profits have already been "squeezed" between rising costs and fixed prices varies widely between industries and between different firms in the same industry. Generally speaking, however, civilian industries have already absorbed a very considerable "squeeze" arising out of certain unavoidable cost increases which have been mentioned as well as the compulsory cost of living bonus which began last August, and in some cases wage rate increases granted by the War Labour Boards. In some essential industries the margin is now so narrow that if labour costs increase, prices will have to be raised, or the increased costs met by government subsidy.

(2) If the cost of increased wages is not by means of a direct government subsidy, it is clearly the people of Canada as a whole who are called upon to meet this cost through increased taxation and lending. If one group is to get a larger share of the national pie, others have to be prepared to accept less. It is impossible for all to get a larger share and consequently this type of adjustment through subsidies is effective only if its use is *strictly limited*.

(3) If increased labour costs are not met through price increases or direct government subsidies they are offset in large measure by reduced corporation tax payments to the government. This reduction will be 40 per cent in the case of companies paying minimum rate of corporate tax or 100 per cent in the case of companies in the excess profits category. The government then faces the problem of raising these funds from some other source.

In preceding paragraphs I have shown how, under present conditions, every increase in labour costs inevitably imposes a burden upon the rest of the community. Unless the rest of the community accepts willingly the obligation to pay heavier taxes and to save more, the rise in labour costs increases the pressure of surplus spending power upon limited supplies and has a very definite inflationary effect (see Appendix A).

A more serious danger is the natural tendency of other groups, with a somewhat less deserving case but somewhat stronger bargaining power, to use the precedent to improve their own position by means of wage increases. Experience has shown that every wage increase becomes a precedent and a reason for demands by additional groups, whose claims are strengthened by the very fact that those of others have been granted, and whose determination is increased by their success. It is extremely difficult in practice to isolate



demands for wage increases to any particular group or class. The farther such adjustments go, the harder it is to draw the line at any given point and the more likely they are to lead to a general inflationary bargaining spree.

One example of the difficulty of confining wage adjustments to cases of social necessity is the strong tendency to maintain customary wage differentials. If these are preserved, any increase in the lowest rate of a given wage scale automatically raises every rate in the scale by a corresponding amount and this means that the inflationary effects are greatly magnified.

### *Conclusion*

The price ceiling policy was adopted after much thought by the Federal Government in the interests of the people as a whole. The Wartime Prices and Trade Board is simply the agency which administers that policy, and the experience of the last year and a half has shown that the policy *can* be successfully administered, if all groups in the community are prepared to co-operate. It is not for the Wartime Prices and Trade Board to say that maintenance of the price ceiling is more important than allowing increased wage rates or, for that matter, increased farm prices. But it is the duty of the Board to point out that such increases will, in all cases, weaken the price ceiling and if carried far, will destroy it. The people of Canada will have to decide which they want more. If any group feels that it can get wage increases without threatening the whole stabilization program, it must assume that—

- (1) the rest of the people will refrain from seeking concessions for themselves; and,
- (2) that the rest of the people will be willing to take on a greater share of the war burden.

To my mind, the core of the problem lies in this question—what wage adjustments are considered so obviously desirable by the rest of the community that it is, in fact, prepared to pay the price in these two ways just mentioned? Wage policy must be based on a realistic answer to this question, if the price ceiling is to be maintained.

I have a list of appendices which I should like to table with this brief.

The CHAIRMAN: They will be included.

### *List of Appendices:*

- A. The Problem of Surplus Purchasing Power.
- B. Changes in Wages and Earnings.
- C. Wholesale Prices and the Cost of Living in This War and the Last War.
- D. Labour as a Cost of Production.
- E. Control of Profits through Taxation.
- F. Table Illustrating Personal Income Tax Changes between 1941 and 1943.
- G. Proportion of Wages and Salaries to Total Income Payments to Civilians in Canada.
- H. Consumer Subsidies: Extracts from a Radio Address made on December 3, 1942, by Hon. J. L. Ilsley, K.C., M.P., Minister of Finance.

## APPENDIX A

*The Problem of Surplus Purchasing Power*

The foregoing statement has dealt mainly with the effect upon the price ceiling of increasing cost of production, because, at the present stage of the war, these represent the most serious threat to maintenance of the ceiling policy. However, there is also the danger which arises from a growing excess of consumers' income in relation to the volume of things available for them to buy. Increasing wage rates have contributed to the widening of this gap, but other equally important causes have been:—

- (1) the increasing volume of employment, longer hours of work, and the shift of labour from lower to higher paid jobs; all of which increase consumer incomes, and, on the other hand,
- (2) the vast increase in war production which has inevitably reduced the volume of things which can be produced to satisfy civilian wants.

Although the threat to price stability, which is inherent in this surplus of purchasing power, has been widely publicized and is pretty generally understood, it may be useful to summarize the situation briefly in this Appendix. Before doing so, however, it should be strongly emphasized that the problem of excess purchasing power is largely separate and distinct from that of rising costs. Measures designed to reduce purchasing power, viz:—increased taxes, saving, and rationing are absolutely essential if the price ceiling is to be maintained, but they cannot, of themselves, keep prices down if costs are rising. Increased taxes, saving and rationing are not *alternatives* to stabilization of labour and other costs. *All* these things are needed if the price ceiling is going to remain effective.

## ESTIMATED INCOME AND EXPENDITURE OF INDIVIDUALS

(Millions of dollars, rounded to the nearest 50)	1938	1939	1940	1941	1942	1943*
1. Income received by individuals. . . . .	4,100	4,300	4,900	5,850	6,850	7,600
2. Less—Direct personal taxes and rates..	150	150	200	350	600	950
3. Net disposable income of individuals..	3,950	4,150	4,700	5,500	6,250	6,650
4. Less—Spent on goods and services . . . .	3,400	3,500	3,800	4,250	4,450	
nearest 50)	1938	1939	1940	1941	1942	1943*
5. Unspent income .....	500	650	900	1,250	1,800	

\* Tentative.

The first line in the table shows how substantially the aggregate income received by Canadians has increased during the war period. The estimates, which (except for 1943) have been compiled by the Dominion Bureau of Statistics, include income received by individuals in the way of wages, salaries, interest, dividends, rents, profits of individual enterprises, pensions, relief, etc.

The second line represents direct taxes paid by individuals, which must be deducted in order to arrive at the net income which individuals have at their disposal to spend or save. It includes the personal income tax, the National Defence tax and a rough estimate of the amount of property taxes which are paid by individuals who occupy owned homes as well as miscellaneous other direct taxes. It does not include any indirect taxes such as sales taxes or customs duties, which are only paid on the purchase of goods, and which are included in the fourth line of the table. Nor does it include the very heavy income and excess profits taxes which have been imposed on corporations during the war.\* The effect of these corporation taxes has been to limit the amount of income which corporations could otherwise have paid out to individuals, which would have entered into the figures in line (1) of the table.

\* See Appendix E.

The figures in line (2) show that direct personal taxes and rates have mopped up only a relatively small part of the huge increase in individual incomes during the war period.

The third line shows the total income of Canadian individuals which they are free to spend or save. The fourth line represents a rough estimate of their over-all expenditure on goods and services (including indirect taxes), and the last line, which is the difference between line (3) and line (4), represents a rough estimate of the total volume of individual income which was not spent.

This residual unspent income is accounted for by retained purchases of war bonds, war savings certificates or other securities, payment of premiums on life insurance policies, repayment of principal on mortgages and other types of debt, etc., as well as by increases in bank deposits owned by individuals, and increased holdings of bank notes and coin. It can be divided into two classifications:—

- (1) income which is deliberately saved;
- (2) income which is, so to speak, in transit, i.e., which is being held or is temporarily invested by a person who is looking around for something to buy, or has not yet made up his mind whether to spend or save.

It is not possible to make this division statistically because it depends essentially upon the state of mind of the person concerned. Obviously, however, unspent income in the latter category has very definite inflationary implications. This is the surplus spending power which could lead to the development of black markets on a scale sufficient to constitute a real breach in the price ceiling.

Judging by the pressure of demand upon the price ceiling in 1942, there was already a shortage of deliberate saving at that time. In 1943, indications are that the pressure will be very much greater. As indicated in the above table, it seems likely that consumers' income, even after deducting of higher direct personal taxes and rates, will increase by \$400 millions over 1942. At the same time the output of civilian goods and services will probably fall by \$300-\$400 millions. Individuals will need to increase their deliberate saving to a greater extent than in 1942, even after they have paid much higher taxes, if the price ceiling is going to be held.

This is a tremendous challenge to every individual in Canada, in particular to those with modest incomes. Although nearly all of the increase in individual income during the war period (after payment of direct taxes) has gone to people earning less than \$3,000 a year, there is no implication that such people have any greater obligation to save than those whose incomes are higher. The emphasis on people with small incomes is simply a matter of arithmetic, arising out of the large numbers in this group. The well-to-do are so relatively few in number that even if they saved *all* their income after taxes they could, by themselves, make only a minor dent in the total saving requirement. Since the major part of the necessary increase in the dollar volume of deliberate saving will concern people with modest incomes, it is clear that the support of labour is vital.



## APPENDIX B

*Changes in Wages and Earnings*

Official data available to indicate the general course of wages and earnings in Canada since the commencement of the war include three series of figures which, however, are not entirely comparable or continuous.

- (1) From 1901 to 1941 we have a weighted index number of *wage rates* (1935-39=100) published in *Wages and Hours of Labour in Canada*, Report No. 25.
- (2) From June 1941 to March 1943 we have a record of average weekly earnings in eight leading industries, compiled in the Dominion Bureau of Statistics and published each month in the *Labour Gazette*. These industries include manufacturing, logging, mining, communications, transportation, construction and maintenance, services and trade, and the reports as of January 1, 1943, covered 1,839,754 employees.
- (3) On May 4, 1943, Mr. D. G. Pyle, secretary of the National War Labour Board, gave evidence to the Board regarding the number and size of adjustments in basic wage rates and cost of living bonuses authorized by the various War Labour Boards.

The information available from these three sources may be summarized as follows:

- (1) Weighted index number of rates of wages in Canada, 1937-1941.

Year	Weighted Index Number of Rates of Wages in Canada 1935-39=100
1937 .....	101.8
1938 .....	104.9
1939 .....	105.3
1940 .....	108.4
1941 .....	119.2 (a)

(a) Including cost of living bonus where reported.

- (2) Per capita weekly earnings in eight leading industries, June 1, 1941 to January 1, 1943:

Year and Month	Year and Month
1941—June 1 ..... \$25.25	May 1 ..... 28.59
July 1 ..... 25.49	June 1 ..... 28.20
August 1 ..... 25.69	July 1 ..... 28.49
September 1 ..... 26.04	August 1 ..... 28.62
October 1 ..... 26.37	September 1 ..... 29.29
November 1 ..... 27.02	October 1 ..... 29.51
December 1 ..... 27.32	November 1 ..... 29.81
1942—January 1 ..... 26.13	December 1 ..... 30.06
February 1 ..... 27.63	1943—January 1 ..... 27.92
March 1 ..... 27.92	February 1 ..... 29.96
April 1 ..... 28.41	March 1 ..... 30.70*

\* Preliminary)

The average for March 1, 1943, exceeds by 21.5 per cent the average for June 1, 1941.

Thus from 1935-39 to 1941 the *weighted index number of rates of wages* in Canada (including cost of living bonus where reported in 1941) showed an increase of 19.2 per cent; and from June, 1941, to March, 1943, *per capita weekly earnings in eight leading industries* appear to have increased by a further 21.5 per cent.

The increase in weekly earnings between June, 1941, and March, 1943, is due in part to increases in wage rates but also reflects longer hours, overtime (sometimes at higher rates), increased production at piecework rates, upgrading and promotions shift from lower to higher paid occupations, and other factors.

By way of comparison it may be observed that the cost of living index as of March 1, 1943, was 17·2 per cent higher than the average of 1935-39 and 16·3 per cent higher than in August, 1939.

- (3) Mr. D. G. Pyle, Secretary of the National War Labour Board, has stated in evidence on May 4, 1943, that up to February 28, 1943, a total of 21,451 applications were considered by the various War Labour Boards, affecting 1,567,063 employees. The Boards granted 89 per cent of the applications in full or in part, and the increase in payroll disbursements resulting from increased wage rates and cost of living bonuses authorized and directed by the War Labour Boards has been given as \$79,237,104 a year.

This figure presumably does not include wage increases put into effect without being submitted to War Labour Boards (e.g. when arising from reclassification, promotion, upgrading, and increases within the limits of an existing range) and it presumably does not include the increase of 2·4 points in cost of living bonus which was made compulsory in August, 1942. The total amounts involved in these two matters are not known. The increase in cost of living bonus, which for the majority of wage earners amounts to 60 cents a week and is payable to upwards of two and one half million wage earners, would itself result in an increase of some \$80 millions in annual payrolls.

## APPENDIX C

*Wholesale Prices and the Cost of Living in This War and the Last War*

The movement of the official indexes of wholesale prices and the cost of living during this war and the last war is shown in the following table for Canada and in the attached charts for Canada, the United States, and the United Kingdom. A comparison of food prices in the two wars for all three countries is also charted. These comparisons bring out three major points:—

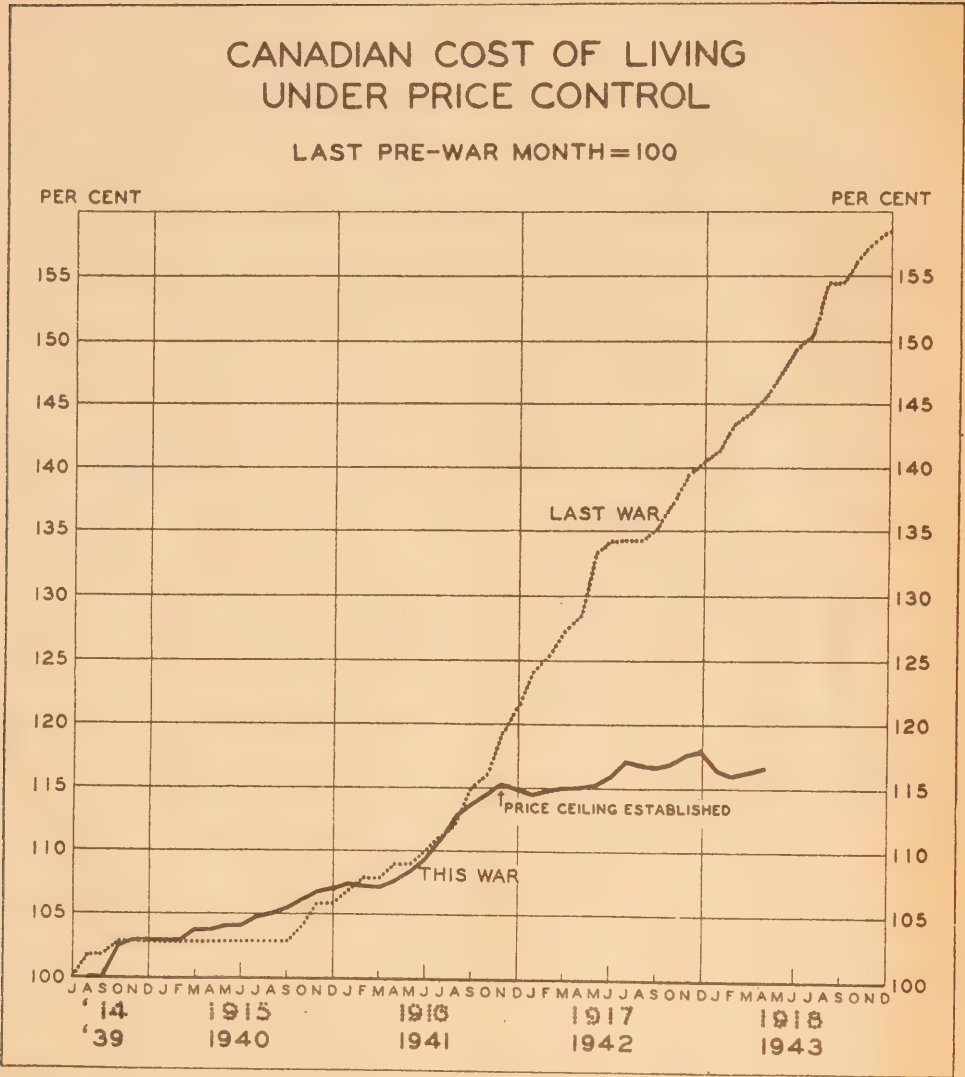
- (1) that prices and living costs have risen very little since the imposition of the price ceiling—from October, 1941, to March, 1943, the cost of living index rose by only 1.7 points or 1.5 per cent, and wholesale prices advanced by 6.3 points or 4.8 per cent.
- (2) that these increases are very small when compared with those which preceded the imposition of the ceiling and are trifling when compared with those which occurred in the corresponding period of the last war—from August 1, 1939, to October, 1941, the cost of living index advanced by 14.6 per cent and wholesale prices by 29.9 per cent; from October, 1916, to March, 1918, the cost of living index rose by no less than 24.4 per cent and wholesale prices by 37.6 per cent.
- (3) that the Canadian record compares favourably with that of the United States and the United Kingdom—from August, 1939, to February, 1943 (the latest date for which figures are available for the three countries) the cost of living index in Canada rose by 16.0 per cent whereas in the United States and the United Kingdom the increases were 22.6 per cent and 28.4 per cent, respectively; for wholesale prices the corresponding increases are 34.9 per cent for Canada, 36.7 per cent for the United States, and 65.2 per cent for the United Kingdom.

## INDEX NUMBERS OF THE COST OF LIVING AND WHOLESALE PRICES IN TWO WARS

(Source—Dominion Bureau of Statistics)

	Cost of Living		Wholesale Prices	
	War I July, 1914	War II Aug., 1939	War I July, 1914	War II Aug., 1939
	=100	=100	=100	=100
	1914	1939	1914	1939
October . . . . .	102.9	102.7	103.7	110.1
	1915	1940	1915	1940
January . . . . .	102.9	103.0	107.9	114.2
April . . . . .	102.9	103.8	111.5	114.9
July . . . . .	102.9	104.8	109.2	114.2
October . . . . .	104.0	106.2	107.0	115.2
	1916	1941	1916	1941
January . . . . .	107.0	107.4	121.7	117.3
April . . . . .	109.1	107.7	124.5	120.1
July . . . . .	111.1	111.0	126.4	126.1
October . . . . .	116.1	114.6	140.4	129.9
	1917	1942	1917	1942
January . . . . .	124.1	114.5	156.8	130.2
April . . . . .	128.2	115.0	171.9	131.4
July . . . . .	134.4	117.0	184.2	132.9
October . . . . .	137.3	116.9	182.1	133.6
	1918	1943	1918	1943
January . . . . .	141.3	116.2	190.5	134.3
February . . . . .	143.3	116.0	190.8	134.9
March . . . . .	144.4	116.3	193.2	136.2
April . . . . .	145.4		193.8	
July . . . . .	150.5		198.3	
October . . . . .	156.5		205.7	

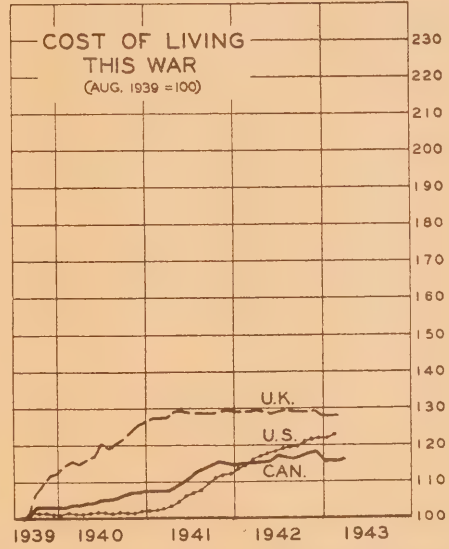
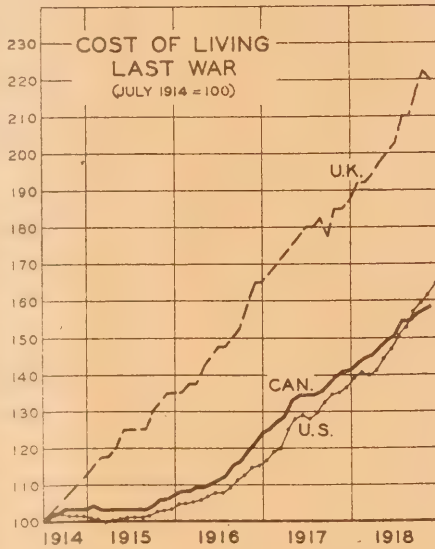
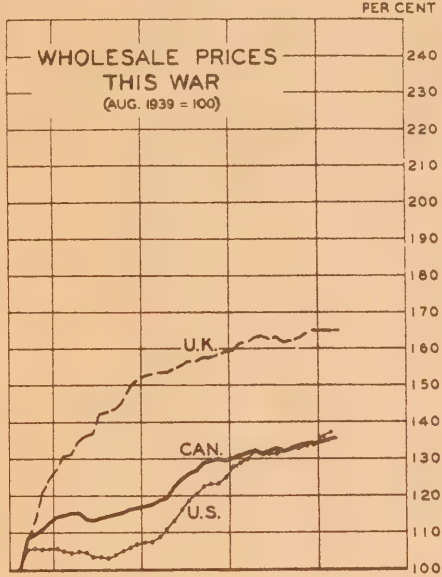
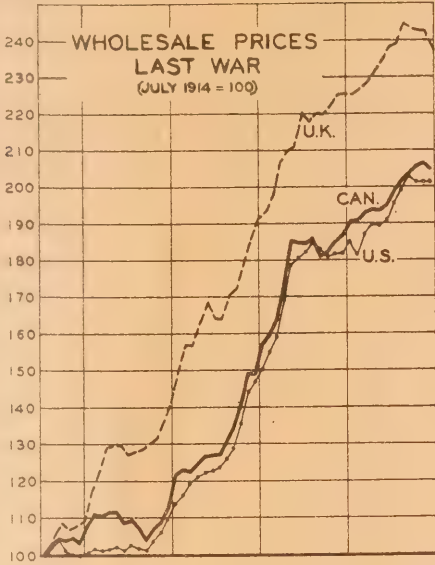




# WHOLESALE PRICES AND COST OF LIVING

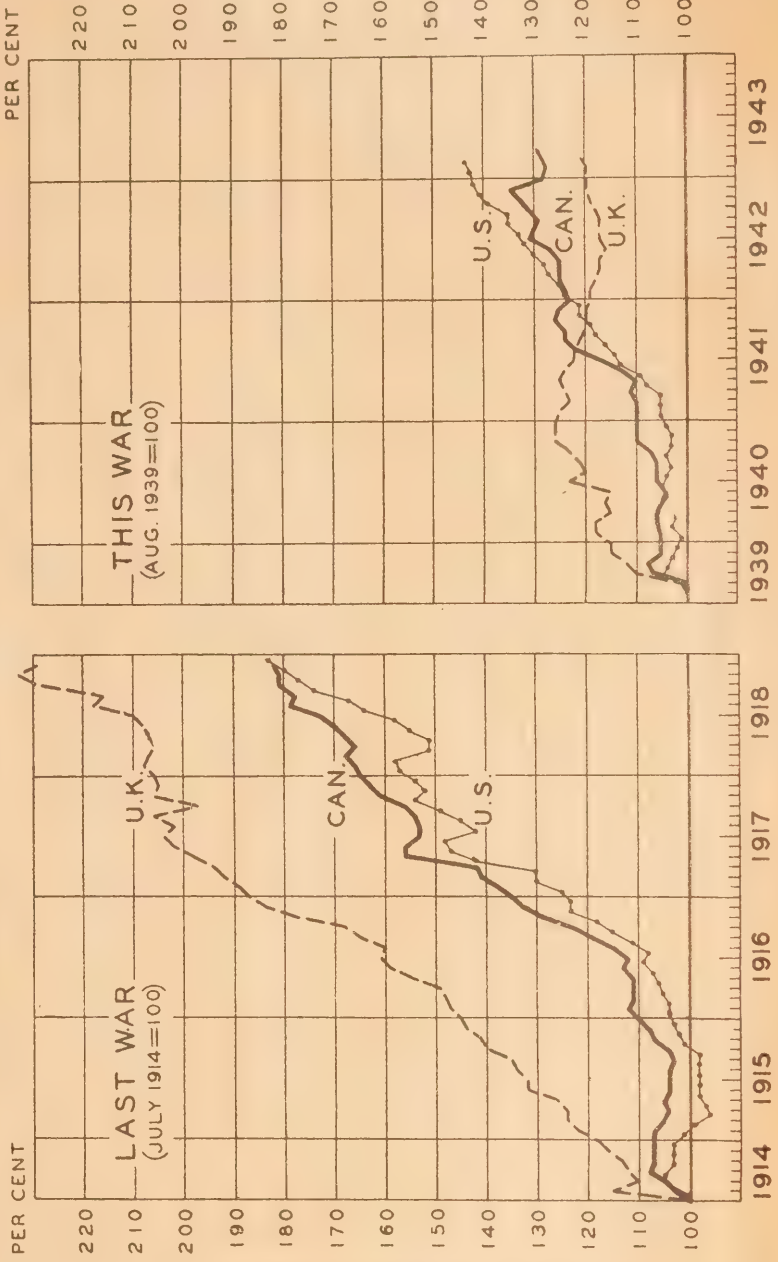
CANADA      UNITED STATES      UNITED KINGDOM

PER CENT



RETAIL FOOD INDEXES IN TWO WARS

CANADA UNITED STATES UNITED KINGDOM





## APPENDIX D

*Labour as a Cost of Production*

Sometimes the view is expressed that labour costs are only a small proportion of the total cost of production. This view is usually based on a comparison of wage payments at the final stage of manufacture with the value of completed production. The fallacy in this approach is that it overlooks the labour content of all the materials, parts, supplies, and services which went into the final product but were manufactured at earlier stages of the productive process.

From the standpoint of a worker in an individual factory, it may seem that wages and salaries represent a comparatively small part of the selling value of its production. In the manufacturing industries, payments to wage and salary earners average about one-fifth of the factory value of production. But included in the factory value are the costs of materials, supplies, and already fabricated parts, as well as the services rendered by transport agencies in bringing these things to the factory and a variety of other services such as insurance and telephones. On the average, such payments amount to about two-thirds of the factory value of production. In turn, the cost of these goods and services consists in part of payments to labour at an earlier stage in the productive process and as we follow it back to the primary producer we find that the values added by labour become a larger and larger proportion of the selling value of the finished products. Likewise, if we follow the goods forward from the factory to the consumer, we find that labour is the largest cost of distribution.

Though complete statistics are not available to trace in detail the successive additions of wage and salary payments to the value of individual finished products, the final outcome for the whole country is indicated by comparing aggregate payments to wage and salary earners with the total payments to all recipients of income. In 1942, using estimates prepared by the Dominion Bureau of Statistics, we find that wages and salaries accounted for 60 per cent of all income payments to civilians. The remaining 40 per cent went to farmers, to other persons working for themselves (shopkeepers, doctors, contractors, salesmen on commission, etc.), to landlords and investors (including net payments to foreign investors) and into undistributed profits of corporations. In other words, wage and salary earners get 60 per cent of all the remuneration to the various groups in the community for their contribution to the nation's total production. The pay of the armed services is not included in these calculations.

## APPENDIX E

*Control of Profits Through Taxation*

Before the war the prevailing rate of federal tax on corporate income was 15 per cent. In the first War Budget of September 12th, 1939, this was increased and an excess profits tax was introduced. Further corporate tax increases, culminating in the budget of June 23rd, 1942, established the following position:—

- (1) every corporation has to pay at least 40 per cent of its income in federal taxes.
- (2) if its income exceeds 116 $\frac{2}{3}$  per cent of its "standard profits" (the actual or imputed average income for the years 1936-9), then the whole of that excess must be paid to the government,  $\frac{1}{3}$  of it to be refundable after the war.

The net effect of these taxes is that no corporation can retain more than 70 per cent of its "standard profits", though it is, of course, entitled to the above-mentioned refund after the war, in cases where this is applicable.

The latest changes in corporate tax rates did not come into effect until July 1st, 1942, and no figures are yet available which would show their effect on actual corporate profits over a full year. Even in 1941, however, in spite of a tremendous increase in their volume of operations as compared with pre-war years, the net profits of corporations as a whole were only moderately higher than before the war. No over-all statistics are available but a compilation which has been published by the Bank of Canada, covering 484 companies, shows that the amount of their net profits (i.e., after taxes) in 1941 was 16 per cent higher than the net amount earned in 1939 or 1937. Over the same period the income and excess profits taxes paid by these companies quadrupled, and have, of course, been further substantially increased under the new rates.

That portion of corporate profits which is distributed in the form of dividends is then subjected to personal income tax, an equally important and more equitable method of controlling profits. The heavy and progressive increases which have been made in rates of personal income tax on investment income are illustrated in the following table:—

## PERSONAL INCOME TAX: MARRIED MAN WITH TWO CHILDREN

(All Income assumed to be from Investments)

Income	1938	Tax plus Saving	1943
	Tax (1)		Compulsory
5,000 .....	118	1,202 "	600
10,000 .....	760	3,686 "	1,200
25,000 .....	4,865	14,370 "	1,200
50,000 .....	14,836	34,337 "	1,200
100,000 .....	39,720	78,771 "	1,200

(1) Including provincial income tax (Ontario).

The effect of personal and corporate taxes taken together, is to impose as strict a control over war time profits as exists anywhere in the world. Broadly speaking, it is impossible to retain excessive profits made out of the war.

The personal income tax increases which have been imposed during the war period have also sharply reduced the spread between high and low gross incomes. In conjunction with the government's war expenditure, these tax changes have effected a drastic change in the distribution of net incomes in Canada, in favour of the lower income groups.

## APPENDIX F

TABLE ILLUSTRATING PERSONAL INCOME TAX CHANGES BETWEEN 1941 AND 1943

## PERSONAL INCOME TAX: MARRIED PERSON WITH TWO CHILDREN

(Assuming all Income to be from Wages or Salaries)

Annual Income	1941	1943		
	Tax	Tax and Compulsory	Savings	
\$ 1,250 .....	22	16 plus	16 =	32
1,500 .....	35	25 "	24 =	49
2,000 .....	60	107 "	108 =	215
3,000 .....	215	334 "	334 =	668
5,000 .....	735	1,062 "	600 =	1,662
10,000 .....	2,710	3,346 "	1,200 =	4,546
20,000 .....	7,890	9,863 "	1,200 =	11,063

## APPENDIX G

*Proportion of Wages and Salaries to Total Income Payments to Civilians in Canada*

The estimate of 60 per cent for the proportion of wages and salaries to total income payments to civilians was arrived at from data received from the Dominion Bureau of Statistics covering the year 1942.

In a bulletin published by the Dominion Bureau of Statistics entitled "Economic Conditions in Canada During the First Two Months of 1943 compared with same Period of 1942" (page 3), the gross national production is given at \$9,700 millions. This figure includes taxes paid through business and incorporated in the selling prices of goods and services of \$1,750 millions, and depreciation on non-government assets of \$550 millions, as well as the pay of the Armed Forces which is unofficially placed at about \$500 millions. When these items are deducted from the gross national production we get a total income paid out to civilians of \$6,900 millions.

Of this total of income payments (which includes the undistributed profits of corporations) it is estimated that about \$4,200 millions went to salary and wage earners. The source of this estimate is a report by the Dominion Bureau of Statistics entitled "Bank Debits to Individual Accounts, October, 1942" (page 3). In this report salary and wage payments are given as \$4,900 millions but they have been revised downward since and from them has been deducted an unofficial estimate of \$500 millions for the pay of the Armed Forces.

The 60 per cent represents the proportion which \$4,200 millions bears to the \$6,900 millions total.

The fact that this estimate of the ratio of wages and salaries to total civilian income exceeds the ratio of wages and salaries to total value of production as shown by manufacturing statistics, for individual industries or groups of industries, is attributable very largely to the fact that for any given firm such items as the cost of materials, the cost of fuel and electricity, the cost of transportation and other services etc. all include labour costs which do not form a part of the expenditure directly made on salaries and wages by the firm concerned.



## APPENDIX H

*Consumer Subsidies: Extracts from a Radio Address made on December 3, 1942, by Hon. J. L. Isley, K.C., M.P., Minister of Finance*

Just twelve months ago, there went into effect in this country a bold and broad policy of complete price, wage and salary ceilings. It had a great and easily grasped purpose. It was apparent that uncontrolled prices and incomes would divide the costs of the war unfairly and in ways which could not be foreseen. The unscrupulous, the cunning, those, who had the power and the desire to hold the rest of us up, would gain. Others would lose. It was the decision of your government that the costs of the war should be shared according to the deliberate tax policy enacted by parliament, and not by the haphazard changes of prices and incomes nor by the cunning self-seeking of the profiteer and the extortioner. It was decided that this could be accomplished only if virtually all prices and incomes were rigorously controlled.

As an assurance to those whose wage rates were brought under control that the government would not waver in its determination to stabilize the cost of living, provision was made for the compulsory payment of cost-of-living bonuses adjusted quarterly for each full point change in the cost-of-living index.

We have had twelve months' experience. It has been a hard but encouraging experience. Some difficulties which we foresaw turned out to be less serious than we expected, and some which we did not foresee proved tough and complicated. Nevertheless, the policy has stood the test of the year, and these are days when only sound policies stand up to the year's testing.

The official cost of living index moved up during the thirteen months from October 1st of last year to November 1st of this year only by 2.7 per cent. During the comparable period in the last war, the cost of living increased by 20 per cent. During the twelve months to October 1st last, the United States index increased by 8 per cent. In the control of prices, we are doing better than has been done in other times and in other places.

I don't need to stress the concrete benefits of this policy to the consumers of this country. And who among you is not a consumer? The farmer and the wage earner have had their full share of benefits as consumers. As producers they have not been hardly dealt with. Many wage rates which were out of line have been adjusted. The earnings of industrial workers (and it is earnings not wage rates that provide for the housewife's budget)—the earnings of industrial workers have increased substantially.

Average weekly earnings per worker in manufacturing industries are reported to have risen 13 per cent in the 12 months ending September 1st last. Farm incomes have steadily increased. As far as we can estimate, farmers' gross cash receipts are about 20 per cent higher than last year.

This is not to say that life for the primary producer and the industrial workers is just a matter of ease and increasing remuneration. I well realize that the difficulties of production, the delays of transportation and the shortages of materials have created harassing and annoying problems which have made the producer's lot a difficult one.

Looking back over the past twelve months, you and I can say without question that the price and wage control policy announced on October 18th, 1941, was a sound one. It established a standard of fairness in our financial and economic management of the war which has the overwhelming support of the people of this country. In large measure, the policy has succeeded because of that support.

The work was not finished when the policy was announced, nor will it ever be finished as long as the policy is in effect. Only an active, positive policy can succeed. The war against inflation and its injustices is inescapably a relentless war of movement.

The record of our price and wage ceiling policy is good. It has drawn support at home and admiration abroad. But there are causes for grave concern. Price increases have taken place since the basic period particularly in foods. Foreign prices beyond our control, shipping and other costs have increased the prices of some important imports. Prices of some domestic products have increased in periods when effective means of control were being sought. In some cases, seasonal declines in price have failed to materialize.

It is now clear that some further small increases will emerge. There are practically no decreases to offset them. On the basis of the July 1st index, a substantial cost of living bonus became payable. There have been further increases in the cost of living since then. Others are probable.

The problem is this. Shall we continue to rely on the automatic adjustment of the cost of living bonus to offset these increases in the cost of living? The cost of living bonus protects a large part of the population—wage earners and some salary earners. But it leaves other large groups unprotected. It raises costs to industry at a time when costs must be kept down.

So much of industry now works for the government, so much of it is subject to excess profits tax that increases in industrial costs are met in large part out of the public treasury. For other groups increased costs become the justification for increased prices, which in turn increase other people's cost. The answer seems clear that we should not rely solely on the cost of living bonus to offset such further increases in the cost of living as may be unavoidable.

The government has decided on direct action to bring the cost of living at least part of the way back to the level of the basic period. It does not propose to attempt to bring all prices back nor even to limit its concern to prices which have risen. It is sufficient if by the reduction of certain prices whether they have risen or not the total cost of the consumer's budget is moved back.

We propose to reduce the retail prices of a number of imported and domestic foods of widespread consumption by reduction of duties and taxes and by outright subsidy. The consumer will benefit to the full amount of such subsidies and remission of taxes. The producer and dealer will not be affected.

The full details of the plan will be announced by the Wartime Prices and Trade Board but in brief it is this. By subsidy or sale to the trade by the Commodity Prices Stabilization Corporation at appropriately reduced prices, the price of coffee to the consumer will be reduced by four cents a pound, the price of tea by 10 cents a pound. By elimination of duties and taxes, the prices of oranges will be reduced to about the levels of September and October, 1941. A subsidy will be paid on fluid milk designed to obtain the general objective of a two cents per quart reduction in the price of milk to the consumer.

The Wartime Prices and Trade Board have been instructed to work out as soon as practicable the detailed steps necessary to that end. The subsidies will be paid in such a way as to ensure that the price is decreased by at least a like amount, and the Prices Board will take special precautions to see that the whole benefit of the subsidies and remissions goes to the consumer. Let me repeat that the position of the producers and distributors will not be changed by the plan.

The government's decision to deal in this way with the cost of living has not been reached lightly. The cost to the Treasury of this proposed policy will be large. It may reach \$40,000,000 a year but in the light of the great objectives for which we are striving, this cost, which after all is only one cent per person per day, is small indeed.

I can assure you that the Minister of Finance does not contemplate an expenditure of that size lightly. A careful examination, however, convinces us that this is the less costly and more equitable method of meeting the problem within the spirit of the government's declared policy. It meets the problem in a way which does not create other problems. It gives relief, not to some, but to all.

That we are prepared to make this decisive attack on increases in the cost of living may be taken as evidence of the importance which the government attaches to the objectives of the price, wage and salary policy. This is a most solemn reaffirmation of the policy of rigorous control which the Prime Minister announced on October 18th, 1941—a policy of sharing among us the costs of the war as parliament through its tax legislation may decide and not according to hit or miss shifts of price and incomes.

It is a policy which has obtained solid support among the people of this country. It is a policy which must be supported by everyone who is able to take a long view of the national interests. To anyone who believes in justice, in fairness, it is the plainest of common sense. The government reaffirms its policy, not as a fixed defense against inflation, but as a developing attack on it, using such weapons as are suitable to the conditions faced. The government purposes to see this policy through.

The CHAIRMAN: There are one or two questions that I would like to ask, because they have been dealt with to some extent by representations that have been made to us hitherto. Page 4 of your brief reads, in the last paragraph: "Secondly, under present conditions, every increase in wage rates"—and this is the important part—"unless it is accompanied by a corresponding increase in output, involves an increase in costs," and so on. The proposition is being put to us right along that it is somewhat difficult to know just where there is a corresponding increase in output, and the extent to which that is the case. In other words, in some of the labour representatives' briefs the proposition is put that an increase in wages does not necessarily mean an inflationary tendency at all. You say "unless it is accompanied by a corresponding increase in output." I do not know whether you can enlarge upon that question at all?

Mr. GORDON: What I had in mind there is that if we are dealing with a situation in which a wages increase takes place in relation to an amount of production which is fixed, then obviously the increase in wages must mean an increase in the cost of production of that output. It is only if the increased wage cost is spread over increased production that it does not lead to the inflationary effect we are afraid of. So long as production is increased in relation to the wage rate, and you can keep the two in the same ratio, it does not necessarily affect the cost of living.

The CHAIRMAN: That is a proposition which has been emphasized a great deal before us. It has been implied that that is more or less the normal type of process that is going on?

Mr. GORDON: I can follow that, of course, there must come an end at some point to the economies which can be obtained through increasing production. When we are in an area of full production, there must be a point at which increases in wage rates will not be offset by these economies resulting from higher production. It is at that point the increases in wage rates cause the inflationary effect.

The CHAIRMAN: I also have some recollection of its having been suggested that where in the case of an industry—say for instance in steel—there may be an increase in cost as the result of an increase in wages, that increase in cost is not reflected in the domestic cost of living. I do not know just by what process it is segregated but that proposition has been put to us. Have you any comment on that?



Mr. COHEN: That is, it does not enter into the cost of consumer goods.

Mr. GORDON: You are assuming that the costs of production of steel do not touch consumer goods? Is that what you have in mind?

The CHAIRMAN: The proposition has been specifically put so far as steel goes that you may have an increase in wages and consequently a higher price for steel, but that that higher price would not be reflected in the price of consumer goods; it is a product which goes into the war.

Mr. GORDON: That is an argument which can be held only up to a point. The danger to my mind is that you cannot isolate this wage increase only to the steel industry. You must realize that if the earner in the steel industry gets an increase, it is bound to have a reaction on other branches of labour. There are however many products from steel which do enter into consumable goods the price of which must be reflected in the real cost of living, and that is what I am concerned with.

Mr. COHEN: In connection with the question the Chairman has been discussing, you say that to avoid the danger of inflation every increase in wage rates must be accompanied by a corresponding increase in output. Is it not quite possible that there may be a threatened decrease in production as a result of unrest or discontent or the feeling that the group of workers concerned are not being fairly dealt with? If in that case a wage increase will indirectly maintain the parity of productivity by avoiding an increased cost of production, would you say that your approach, if I may call it so, would be the same?

Mr. GORDON: I quite agree that if because of labour unrest the actual amount of production is reduced, it might be necessary to do something along that line.

Mr. COHEN: If a wage increase would allay that discontent and directly avoid that decreased production?

Mr. GORDON: Yes, but it does not get away from the fact that it must add to the cost of the production if production has not been increased. You cannot get away from the cost factor. It is true that in some cases you might give a wage increase that might be evened up by production, but it is pretty hard to be sure of this balance.

Mr. COHEN: On the same page you say that wages and salaries account for sixty per cent of all production and distribution costs in Canada. What is the factual basis for that statement? I am not quarrelling with it; I just want to know the source.

Mr. GORDON: It is an estimate by the statisticians.

Mr. COHEN: Does it appear in any official publication?

Mr. GORDON: No, it is made up from a number of sources.

Mr. COHEN: Perhaps it appears in one of the appendices?

Mr. GORDON: I should be glad to file the statistical process for that. (See Appendix G.)

Mr. COHEN: Is there any break down between wages and salaries?

Mr. GORDON: I do not believe the Dominion Bureau of Statistics figures that.

Mr. COHEN: That would include all salaries, no matter how high they ran?

Mr. GORDON: Yes.

Mr. COHEN: Would that be reflected in the table in which you indicate the average weekly earnings? Does that indicate both wages and salaries?

Mr. GORDON: Yes, that is true.

Mr. COHEN: That would include all salaries?

Mr. GORDON: Quite so.

The CHAIRMAN: I suppose on your proposition, where you are in agreement with Mr. Cohen, you might find cases in which a wage increase would have a direct relation to improved productivity in a given case—steel, for instance—but you cannot keep it in a watertight compartment, and it is almost unavoidably going to spread?

Mr. GORDON: That is the chief point I make. It is impossible, it seems to me, to recognize a set of circumstances which would demand a wage increase on the threat of reduced productivity, without recognizing that same basis in respect of any other form of increase in wages, and if that took place, costs would rise.

Mr. COHEN: Does not the proposition mean this. If the low wage earner, on your suggestion, receives an increase in wages, it will be reflected in a demand from other classes. You have there alternative courses; that the low wage earner should not push for an improvement in his wage standard, or that you must educate those who are in receipt of a higher income that they should be reasonable while the man with the lower income is brought up to a proper standard. You must estimate which yields most advantage—educating the group with the higher income versus suppressing the group with the lower income, which is most ethical and which is most effective in terms of the war effort.

Mr. GORDON: That is a problem with which the National War Labour Board has to deal. My submission is to show the effect of the action taken in dealing with the low wage earner. I do not exclude from that the fact that it is possible in anomalous cases to adjust what seem to be gross inequities, but if it is done on the basis of raising the whole level of low wage rates, there must be a process of education which will have the effect of getting others to accept the burden of these increased wage rates. My whole thesis here is that it must be recognized—I do not think it is—that when we get into a period of full employment, as we are now, we cannot improve the lot of any particular group without asking some other group to take on an additional burden. My whole submission is that it is not adequately recognized that you cannot improve the position of any group without realizing that in so doing you must impose an offsetting burden upon some other group.

Mr. COHEN: You may only be depriving somebody of advantages which he formerly enjoyed.

Mr. GORDON: By additional burdens in the form of taxation or savings.

Mr. COHEN: That might still only mean foregoing certain advantages, not necessarily imposing any real burden?

Mr. GORDON: If you think of it as reducing the differential which now exists between one group and another.

The CHAIRMAN: There is one other proposition you have dealt with which has been more or less emphasized in briefs which have been filed—by the railway workers, for one—that there was something in the nature of an arrangement made with them through a government agency prior to P.C. 7440, whereby they would go along with the policy by waiving any right to basic wage increases, except for minor adjustments and so on, and accepting a cost of living bonus calculated on the basis as in P.C. 8253. They are putting it to us that at that time in the nature of things it looked as if they were going to get something extra from the bonus, when along comes a government subsidy which keeps the index down; they are left in the middle, and they lose both ways.

Mr. GORDON: I suppose that is a particular reference to consumer subsidies. If the government through the Wartime Prices and Trade Board had not put the subsidies on milk and reduced the price, there would have been an increase in the cost of living index?

The CHAIRMAN: Yes.

Mr. GORDON: Those who argue against the payment of that subsidy must consider whether or not they would be better off to see the cost of living index go up, and get a higher cost of living bonus. These critics forget that the inflationary spiral is thus given another turn, and when so turned it does not stop with one set of increases. When the cost of living increases, that makes the cost of living bonus payable, and that in turn adds to the costs of all forms of business who have to pay that cost of living bonus. If the increase in the bonus were allowed to go very far—and we feel it has gone as far as business can take the turn—then the thought of the government as expressed by the Minister of Finance (See Appendix H) was that it would be impossible to hold the price ceiling if those additional costs to business in the form of cost of living bonus were permitted. We would then be in the position of having to grant price increases to many businesses, and if we did that and it increased the cost of living, away we would go on the inflationary spiral. Now, a reduction in the cost of milk means a very real saving in the household budget. The government deliberately chose for that consumer subsidy items of everyday consumption, so that there would be a very definite effect on the household budget. Whoever objects to that must weigh whether by having the cost of living held down, he is getting a real advantage, or whether he would be better off to see the inflationary spiral set in motion again. I question very much whether he would be better off if the inflationary spiral were given a further impetus.

The CHAIRMAN: Thank you very much, Mr. Gordon.

Mr. LORNE CAMPBELL (Consolidated Mining and Smelting Company, Limited): Mr. Chairman and gentlemen of the Board, Mr. Blaylock regrets that he was unable to appear in person and has asked me to read his brief. It is as follows:—

In the first place I wish to state that I heartily endorse the Board's action in making this inquiry. I am firmly convinced that the investigation is long overdue and that a thorough study into the whole labour-management relationship at the present time is not only wise but absolutely necessary.

Unquestionably the greatest single factor in a country's production is the relationship between labour and management. It is most apparent that there is much to be desired in this connection in Canada. Labour has been led to believe that it is being exploited while industry is just as much convinced that it is being held up. Workmen believe that their companies are growing wealthy at their expense, while industry sees its costs going up even in excess of that increase which might be accounted for by the higher wages in effect. In many cases wage increases have gone far beyond the increase in the cost of living. Under ordinary circumstances one would expect wages to increase slightly more than the cost of living due to the fact that the standard of living is also steadily increasing. However, in the present case the increase in earnings is frequently from three to four times the increase in the cost of living. It is also true that frequently the work done per hour has been reduced.

Even the slightest investigation will convince an impartial observer that our Canadian workmen are not disloyal individually, nor are they unreasonable. On the other hand, I do not think that industry can be accused of trying to take advantage of the war effort to reduce wages.



It must be quite evident that very powerful and far-reaching conditions exist. The influence of these conditions is so great that a thorough investigation could not possibly fail to locate them. Once the trouble is located it should be fairly simple to correct it.

It is my belief that the trouble is almost entirely artificial. Unquestionably the country's emergency is being used by some leaders of international labour to force international unionism over all industry. I believe in collective bargaining but, in my opinion, the only successful collective bargaining system calls for complete representation of the workmen in a plant or in a particular branch of industry. No labour act that I know of in North America to-day suggests any such system; all are framed with the idea of forcing the men into one particular union, that union being the first one to enroll 51 per cent of the employees of a company.

Mr. COHEN: Would you mind referring me to any act on the North American continent in which there is any provision forcing a man into a particular union?

Mr. CAMPBELL: I would say that Mr. Blaylock was referring to the latest amendments to the British Columbia Act.

Mr. COHEN: What is there in those amendments that suggests that a man should be forced into a particular union?

Mr. CAMPBELL: The closed shop might be what Mr. Blaylock has in mind.

Mr. COHEN: You mean the fact that the legislation permits employers and employees to arrive at a closed shop agreement?

Mr. CAMPBELL: Yes.

Labour legislation of this kind will not give industrial peace; in fact, in the few years since the Wagner Act was put in force in the United States, it has been amply demonstrated that a very large part of the labour unrest has been in connection with union jurisdiction. While most of the labour acts are implicit and effective in controlling influence or intimidation by the management to guide a man in his choice of a union, and are most insistent that a man be allowed full freedom of choice as to whether he belong to a union or not, and which union he joins, they are so framed that they give the union powers which enable it to enforce a closed shop by insisting that the company must bargain with that union having 51 per cent or more votes, and frequently going so far as to say that it is not intimidation for a company to make it a condition of employment that a man should join this particular union and that he should remain a member in good standing.

Such an act completely destroys the independence of the workman and turns the industry over to the union getting such an agreement as long as the act stays in force, because a company is debarred from hiring any man who does not take his orders from this particular union. The result of such an act will be either a closed shop or an unrepresented minority of workmen in the collective bargaining scheme. In the first place, the bargaining will be controlled by the head office of the union, which may have very little understanding of the local situation; and in the second place, a large minority may have no voice at all unless they join a union which they may not wish to join.

Practically all the labour acts which have been put into force in North America in the last four or five years are bound to create dissension between men and management rather than to create harmony and co-operation. It is true that they may in certain cases obtain concessions for the men. I believe, however, that greater concessions can be obtained

by real collective bargaining. Collective bargaining can only be had when every man in an industry has a representative on the bargaining agency. Where there are unions in the plant, generally speaking, the union will succeed in electing more representatives than their members would justify. If two powerful unions are in a plant, unquestionably one of those unions would have the majority vote in a bargaining agency, when you would get a condition very similar to that in the various Canadian parliaments, where you have a government and one or more oppositions. If only one faction—the one having 51 per cent or more votes—were sole bargaining agent, it would be just as reasonable to argue that after a dominion election all members of those parties who are not in the party holding the majority should go home and have no part in the government of the country. The fact that the opposition sits in parliament and is entitled to express its views in the house most certainly tends to keep peace in the country. It has also been demonstrated in parliament that the leading party in the government will vary from time to time as it holds or loses the confidence of the people it represents.

Mr. COHEN: Do you suggest that that proposition should be reflected in the cabinet?

Mr. CAMPBELL: It does not say that there.

Mr. COHEN: It seems to me to flow logically from your analogy.

Mr. CAMPBELL: I may say that this is Mr. Blaylock's brief. I am not in a position to explain any details.

Mr. COHEN: All right.

Mr. CAMPBELL:

I believe that The Consolidated Mining and Smelting Company of Canada's Co-operative Committees have demonstrated that exactly the same conditions are suitable for industry. In our case, every department has elected a representative. No attempt has been made by the management to control these elections. No questions have been asked as to whether a man belonged to a trade union or not. These representatives have generally represented approximately one hundred workmen each. Our workmen have succeeded in obtaining more wages, more security of employment and better conditions generally than obtain in any other company I know of in the Dominion of Canada. This has all been secured through the system of collective bargaining outlined above, although the name given to it in the past was Workmen's Co-operative Committee instead of Workmen's Bargaining Committee.

This system has the advantage that it tends to bring the workmen and the management into closer harmony, while the remote control bargaining agencies will tend to put them further apart. To realize this, one has only to read or listen to the speeches of the international organizers, which consist almost entirely of abuse of management and industry, and frequently government, in connection with high profits, poor wages, poor conditions and general profiteering, interspersed with high-sounding phrases that their only concern is to increase the war effort. If we are to have industrial peace and happiness it is essential to restore or create confidence between management and labour. It must be apparent to every one that capital and labour are and must continue to be partners, and that far more prosperity can be had by each side if these thoughts are kept uppermost in the minds of both management and labour. The beneficial results already obtained by many of the Joint Production Committees recently established at the suggestion of the

Dominion Government, have proved conclusively that real partnership co-operation between labour and management is the solution of many of our problems.

While war contracts are on and subsidies are possible, wages can be set at approximately the same level throughout the country. When peace returns it will be absolutely essential that any industry which could be carried on and pay a living wage should be kept continually in operation through the period of reconstruction. As it is neither fair nor possible to ask a poor industry to pay the same wage that a prosperous undertaking can pay, it is most important that no fixing of wage scales will restrict operations; nor do I think it advisable to set a wage that takes no regard of the workmen's ability and willingness to work. It is for these reasons that I think a sound and full collective bargaining scheme in each plant or industry should be the goal aimed at, rather than majority bargaining by a nation-wide agency.

Until recently general labour laws have not tried to cover everything and labour relations have developed slowly by trial and error. While this sort of development is not very scientific, it does work for a sound though slow advance.

I think it is almost axiomatic that the standard of living can only advance at the same rate as we can improve our cost of production. The cost of production is very largely influenced by the relationship between the management and the men. Men working under pleasant and happy conditions will do far more and better work unconsciously than if they are not contented and happy. All laws should be framed to foster security, prosperity and happiness. They must be impartial and provide equal justice to all classes. High wages alone will not create satisfaction.

It is very doubtful if the wave of labour legislation passing through the U.S.A. and Canada will give the results they were expected to by our legislatures. Many of these so-called collective bargaining acts are far from being collective bargaining. They are purely and simply acts granted to organized labour in answer to the demands of labour executives. A careful analysis of these acts and their effects, I believe, indicates that they may not be in the best interests of the community as a whole, and perhaps not even of labour itself. They unquestionably tend to deprive a man of his personal liberty. They unquestionably tend to keep men and management apart. They almost invariably provide that a company must make an agreement with a body of men who have no legal responsibility, while the company is of course legally responsible for its acts. If unions are to make agreements they should be obliged to conform to the laws the same way as any other companies which do business. Once a statute is put on the books, the government must see that it is enforced and must live up to it in its own undertakings.

Labour legislation should be drafted by a non-partisan, non-political body. I would suggest an independent committee of labour, industry and general citizens to study all labour relations, particularly the English, Swedish and Norwegian, before drafting any labour laws.

It is most essential that labour and management be consulted on labour legislation and, wherever possible, such legislation must be agreed to by both sides; also that the general public's case must be kept constantly in mind. It would be absolutely fatal to give labour executives power which could demand large increases in wages in wartime and, to gain their own ends, force strikes in industries which cannot be closed down due to war needs; or to give industry similar powers to curtail



wages or any other prerequisites of labour. Such powers have already shown direct inflation in the United States particularly, with ever-increasing demands.

Labour relations are probably the most important single thing in the welfare of a nation. They affect not only organized industrial labour but almost every class of citizen. Only a small part of the wage earners are organized into international unions, and the great majority are not organized at all, e.g., farmers; the men you hire to keep your garden and do your odd chores; small store keepers and their clerks; office men and women; maids, cooks, etc. These classes constitute many times as many persons as the total of those who are organized. Also, those employees who are satisfied with their present employee-employer relations, co-operative committees, plant councils, or similar schemes, should have their rights respected. It must always be remembered that whenever a concession on hours or wages or anything that makes production cost more, is granted to one section, an equivalent amount must be taken from other sections of the population to pay for it.

There should be no laws passed which might force a Canadian company to make its deal with foreigners, whether they be American, German, Russian or others. Foreigners never will have Canadian interests at heart. True, they may be interested in expanding their sphere of influence and collection of dues. This, however, is not enough to justify passing legislation which may force a Canadian industry to deal with foreign executives, frequently of foreign-controlled organizations, and to pay tithes to these organizations. The present situation in the U.S.A. might well be taken as a Stop-Look-and-Listen sign before passing any offspring of the Wagner Act in Canada.

I am convinced that some equitable profit-sharing scheme is one of the best solutions to our problem but it calls for a drastic change in employer-employee relationship as generally in force to-day. The conditions necessary to obtain high production are, generally, satisfaction among the workmen and, where possible, a financial interest beyond their regular pay. A workman should be assured of a living wage as a first charge on a company's earnings. This wage should be sufficient to allow his family to live in comfort, the standard of comfort being that usually enjoyed in the neighbourhood. Naturally this wage will vary from time to time, and between one locality and another. If the workman is prepared to put in increased effort there should be some compensation for that increased effort, as a second charge against the earnings of the company. The next charge must be a living wage for the money actually invested in the company, whether this money is secured by the sale of stock, bonds or profits ploughed back into the industry, and could be defined as interest and sinking funds or other returns that would have to be paid to keep the industry in healthy existence. While this amount will vary very greatly in different industries I would be inclined to think that in our own company it would be approximately five per cent at the present time. This would have to be on the total money put into the business up to the time of the inauguration of the profit-sharing scheme, without regard to depreciation or depletion, or else the actual value of all plants, properties and assets at that date. If the cost of future expansion were provided by way of ploughing back profits, it would not be necessary to change the proportion, as the workmen could be considered to have supplied their share of this additional cost. After the living wage of capital is taken care of, the remainder of the profit which is to be distributed should be divided in some agreed proportion between the working men and the shareholders. That proportion would of necessity

vary with different industries and, while it is very dangerous to try to define it, in companies such as ours, where a very large investment has been made per man, I think that a year's payroll to the total number of dollars put into the property (no matter whether from the sale of stocks or bonds or profits ploughed back into the business) should probably be about fair.

Such a scheme would have the advantage that the workmen would be partners with the owners, and that they could not sell or dispose of their interest. They would then to a certain extent be working for themselves. They would have a personal interest in the success of their company and would naturally be more happy in the performance of their duties and more interested in their work.

Our company inaugurated profit-sharing bonuses 27 years ago, and efficiency bonuses 21 years ago.

I believe that our record of labour relations extending over more than forty years, and the fact that no organization in Canada has been more ahead of the times in providing comfort, security and prosperity for its workmen than our company has been for those in its employ, will show that our desire is to promote the general welfare of all concerned. It will take time and education to bring about the proper relationship between workmen and management. While this is being done, all our Labour Acts should be revised to provide for real collective bargaining rather than for union autocracy. The amending acts should be framed with the interests of the workmen, the industries and the general public in view, rather than those of the union executives. Collective bargaining might be expanded to combine a specific industry and its workmen as was suggested by the Whitley Commission in England towards the end of World War I. We have never opposed our men—over eight thousand—joining any unions they wished to be connected with, and we have no objection to such unions being represented in a collective bargaining agency to the extent of the proportion of their membership; on the other hand, we have grave fears of depriving minorities of representation or of their rights to decide about joining any particular union.

Finally, we believe that both labour and management should be restrained from making statements or taking actions tending to create trouble between them and that, during the war, such statements or actions should be regarded as detrimental to the national interest and made subject to the provisions of the Defence of Canada Act.

It is quite possible that some of the ideas mentioned in this brief will not be acceptable to either labour or management at the present time but any legislation passed should not prevent any company and its men from getting together along the lines suggested, as I believe that these are the most logical lines for peaceful industrial relations.

The CHAIRMAN: Thank you, Mr. Campbell. There is also a brief from the Workmen's Co-operative Committee of the Consolidated Mining and Smelting Company of Trail, which will be incorporated in the record.

*The Workmen's Co-Operative Committee of the Consolidated Mining and Smelting Company of Canada Limited, Trail, British Columbia*

*Brief on Labour Relations and Wage Control*

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1. *Labour Relations in General*

A. *Underlying Causes of Strikes:—*

Many strikes are created by powerful unions striving to become bargaining agents for labour. Such strikes are greed for power and not bargaining for rights or demands of labour or against industry in protest of low wages or poor working conditions.

2. Other reasons are executives of industry showing definite lack of co-operation in not granting small concessions to labour. The cost of such concessions would be relatively small in comparison to such labour being organized into a large affiliated union that takes advantage of such situations to organize said labour thus forcing demands of labour by means of a strike which is a colossal price for the government, management and labour to pay for the concession.

3. Many strikes are called because one man is discharged from employment, such as the case of the recent Alberta coal mines strike. Such a strike is criminal when you consider that the amount of money lost in wages would have retired this man and his family in a state of opulence until their demise.

4. Lack of a definite stand by our government to carry out the courage of their convictions by stating proper directions and finding and enforcing same whether it be industry or labour that is at fault.

5. Lack of initiative on the part of companies in not permitting labour to set up committees of labour to settle trivial grievances of workers in collaboration with officials of the company to ease and relieve the minds of the workers. Therefore the workers brood and magnify their case out of proportion until a state of unrest and agitation is created, thus forming the base for an illegal strike.

B. *Collective Bargaining:—*

Collective bargaining can mean only representatives of labour chosen by labour. No distinction should be made between national, international or independent unions. The labourer, under the democratic system, *must* at all times have the right of choice of his own union, and no laws should be made depriving the worker of this right. The worker must have the right to join a union of his own choice and yet remain a *non-joiner* if he so wishes. He should be protected against collection of excessive dues, and unauthorized strikes not called by a majority vote of the total employees working in an industry.

No group of employees should be forced by law to affiliate with other unions except by their own choice. In other words, if an independent union has enjoyed good labour management for years, free from strikes, that union should be looked upon as the champion of unions and should be protected under the dominion statutes against being forced to affiliate with other unions whereby such relations may be seriously crippled, to the detriment of the employees.



The only true manner to select and maintain collective bargaining is to have each department in industry choose a representative of the employees by secret ballot, the representatives of said department to form the bargaining agents and choose their own executive. All employees chosen as representatives should have at least two years' service with the company.

I believe that a thorough investigation by a royal commission to study unions, strikes, gains, concessions, wages and working conditions throughout the Dominion of Canada would prove that the so-called company union, the Workmen's Co-operative Committee of the Consolidated Mining and Smelting Company of Canada Limited, have on record over a period of twenty years more concessions, higher wages than any similar industry, more disputes of employees settled that never reached the management than any union in Canada of twenty years' standing, bar none, and such a system of bargaining should be studied more closely by the government.

#### *C. Jurisdictional Disputes Machinery:—*

The government should set up a commission to deal with disputes with regional boards. If management and labour disagree, then a representative of the regional board may be called in to act as a conciliator. Failure of the conciliator to settle the dispute would call for the case being referred to the regional board. Either party, however, may appeal the decision of the regional board in which case the question is referred to the dominion commission. The decision of the commission would be enforced by the government, that is, the concession granted to labour or the government operates the industry, or labour must abide by the findings with the choice of industry to close the plant if they so wish. However, labour and industry should have representation on the commission and regional boards.

#### *D. Machinery to Avoid Disputes:—*

Labour management committees within industry could be utilized to settle disputes in their infancy since many disputes actually arise from trivial affairs.

The Workmen's Co-operative Committee operates on a plan of inter-plant sub-committees for every phase of grievance. Under this plan ninety per cent of the grievances of employees are settled between the foreman, employee and committee. The management are rarely aware of their existence. The employee participates in the debate and feels that he is part of the machinery. For example:—

1. A workman should always contact his shift boss or foreman and attempt to effect a satisfactory settlement of the question if possible.
2. If satisfaction is not obtained in step 1, the workman should contact the local Co-operative Committee member.
3. The Committee man will interview the senior foreman in company with the workman concerned.
4. If satisfaction has not been obtained, the Committee man should place the matter before the divisional superintendent for his consideration. The workman will not accompany the Committee member at this point unless so requested.
5. If the satisfaction is still not obtained, the local Committee member should place the matter before the departmental superintendent, who will then consult with the divisional superintendent and others as he sees fit and will arrange for further consideration with the Workmen's Committee local representative with the object of effecting a settlement at this point if possible.
6. If satisfaction is still not obtained, the local Committee man shall bring the matter before the Workmen's Co-operative Committee where the merits of the case will be considered.

7. If there appears to be justification, the Chairman may delegate a standing sub-committee or one specially selected, to submit the matter to the Supervisor of Industrial Relations.
8. The Supervisor of the Industrial Relations Department will contact the departmental superintendent or other such officer concerned.
9. If necessary, the Supervisor of the Industrial Relations Department will arrange a conference with the sub-committee of the Workmen's Co-operative Committee, the Staff Works Committee and the departmental officials concerned.
10. If satisfaction is still not obtained, the sub-committee of the Workmen's Co-operative Committee will report to the Executive of the Workmen's Co-operative Committee.
11. The executive of the Workmen's Co-operative Committee, in company with the Supervisor of the Industrial Relations Department, may present the matter to the general manager for consideration, if they see fit. The general manager will examine the question and in due course render a decision.
12. Failing satisfaction in any of these steps, the Co-operative Committee will have right of appeal to the president of the company through their executive.

The following set-up is divided into groups to handle different cases. Each group is highly efficient in their own sub-committee and interchange every six months:—

- Bonus Committee,
- Job Rating Committee,
- Cost of Living Committee,
- Joint Production Committee,
- Compensation Committee,
- Plant Conditions Committee,
- Dental Committee,
- Pensions Committee,
- Election Committee,
- Relief Committee,
- Employment Committee,
- Unemployment Insurance Committee,
- Fuel Committee,
- Women's Rating Committee,
- Rehabilitation Committee,
- Garden Committee,
- Tradesmen's Sub-committee.

#### *E. Machinery to Settle Disputes:—*

Regional Boards.

#### *F. Specific Amendments to Existing Laws and Orders:—*

1. Protection against illegal strikes called by minority of workers. A strike vote should be a majority of all workers concerned.
2. Protection against coercion and intimidation of employers and unions.
3. Protection from excessive dues and assessments by unions for purposes that do not directly concern the employees in the industry in which they work.

4. All labour unions, international and otherwise, should be required by law to submit annual financial statements, said statements to include:
  - Report of fees, dues and assessment of members,
  - Report of salaries paid union official,
  - Report of donations,
  - Report of all collections and disbursements of all moneys,
  - Books to be audited by a chartered accountant yearly.

5. All parties should be given the opportunity to present briefs before a commission on any changes to statutes concerning labour relations.

*G. Desirability of a Consolidation of all Labour Orders and proposed Amendments in code should this be adopted by legislation or Order in Council:—*

Consolidation of amendments in code should be dealt with by Orders in Council after the questions have been dealt with in the legislature by members who should present briefs signed by organizations of labour verifying that labour has had a voice in the amendments, such Orders in Council being subject to amendment by procedure of trial and error and resolutions from organizations.

*2. Questions Arising Regarding Wages and Application of Cost of Living Bonus*

*A. P.C. 5963 Cost of Living Order—What Amendments should be made:—*

1. In accordance with P.C. 5963, an employee earning less than \$25 per week receives a percentage of the cost of living bonus while their output for cost of living is the same as the employee who receives the full cost of living bonus. Definitely, this calls for an amendment.
2. The cost of living bonus should be free from taxation. Otherwise the amount payable in the cost of living bonus, when taxed at the source is not representative of the full cost of living bonus as per the All-Items Index.
3. Government taxes on cost of living commodities should be recorded in the All-Items Index in the *Labour Gazette*.

*B. Should a Uniform Cost of Living Bonus be Paid:—*

The cost of living bonus should be zoned; commodities rise higher in some districts due to freight rates. Stove wood in Trail, B.C., increased over thirty-five per cent after P.C. 8253 was passed. This also applies to other farm commodities. The retail prices of staple foods listed in the *Labour Gazette* do not fully comply with the budget from which the All-Item Index is computed.

*C. How should new conditions arising be dealt with:—*

Wages and cost of living are so closely related that any questions arising from the same should be dealt with by closer co-operation between the War Labour Board (which is the controlling factor of wages) and the Wartime Prices and Trade Board (which controls the cost of living).

*D. Should there be a floor below which the wage freezing order should apply:—*

If it is essential to place a ceiling on wages to prevent inflation, it should also be necessary to place a floor on the same to protect the lower-paid workers. Just what the level should be would be at the discretion of the government. We believe that the present minimum wage is too low in these times.

*E. To what extent should an effort be made to have wages equal throughout the country:—*

The government should study the suggestion of a fair basic wage to be paid to the employees, sufficient to care for their families and keep them in comfort. Then the employees should receive a percentage of all profits made by



industry after industry has taken their living wage for capital plus depreciation on machinery to keep the industry healthy. The paying of labour under such a system would cause the workmen to be more efficient, would render higher wages when industries made more profits and fair wages in normal times. It would also tend to create better relations between management and labour.

*F. To what extent should those fixing wages use as a principle the desire to pay a living wage:—*

We suggest that the principle to be used as a measuring stick for a living wage should be a similar system to that which we now use for Consolidated Mining and Smelting Company employees at Trail. We have studied this system for three years and intend to have it completed in approximately six months. That is: The plan was devised for four specific reasons:—

1. To adopt a measuring device that would maintain balanced compensation for all day pay jobs and to eliminate grievances due to supposed unfair pay differentials.
2. To establish a fair relationship between basic rates of pay for different jobs according to the various characteristics of each job.
3. To obtain a basis for negotiations on rates of pay which would be more satisfactory than guess work or personal opinion.
4. To gauge the worth of a job in terms that would be understandable to government, management and employees alike.

**The Rating System:** The essentials of the Job Evaluation Schedule adopted are the study of the various elements which go to make up a job and their rating by means of a definite schedule of credits. The summation of the credits given to the various elements results in the "point rating" of the job. This rating is referred to a basic wage scale and the monetary value of the job is determined therefrom.

This system not only gives the logical relationship of one job to another but also assures that all aspects of the work are considered when the worth of a job is reviewed.

In this system of evaluation the job is divided into four primary elements:—

1. Skill,
2. Effort,
3. Responsibility,
4. Job conditions.

The four main divisions are further subdivided into secondary elements or factors. Each factor is graded into classes of increasing value and with these classes the various characteristics of the job are compared and a point rating established for each element of the job.

The Ontario Hydro-Electric Commission is also using the same system.

We should be pleased to send you a copy of our job rating manual on request.

Submitted by:

D. KENNEWAY, *Chairman,*

Workmen's Co-operative Committee.

Mr. C. E. RICE: Mr. Chairman and members of the Board, I have prepared a brief which I would like to read to you:—

It is with some temerity that I come before you to-day, to present this brief on labour relations. Having been associated for some months with the personnel department of a major war industry; and having been a member of the Examination Branch of the Civil Service Commission, where I had the opportunity of observing the functioning of various governmentally appointed boards at close range, I feel that I am in a position to make some observations that have perchance been missed in the various briefs presented heretofore.

One thing, Gentlemen, that I wish to make perfectly clear at the outset. I have not been subsidized in any manner, by either industry or labour, in the preparing and presentation of this brief. While I happen to be a member in good standing of a labour union, affiliated with the American Federation of Labour, I can see all too clearly some of the pitfalls that can possibly be the undoing of trades and labour unions after the war, unless a serious attempt is made immediately to remedy the mistakes being made to-day, and which have been made in the past.

During the past month I have interviewed the managing heads of a number of major war industries. In every case I have found them not only agreeable to the principle of collective bargaining, but desirous of having same. My experience has been that I have found, generally speaking, an earnest desire on the part of industrial management to improve working conditions amongst their employees, whenever there has been a need for improvement, and to bring the wage level of their workers up to a point that will allow them to adequately maintain a good standard of living.

In the course of my conversations with workers belonging to various labour organizations, affiliated with international labour groups, and with company unions, I am convinced that with the exception of a very few who could only be classed as labour agitators desirous of causing strife, an appreciation of the efforts on the part of management to better their working conditions.

In view of these considerations, gentlemen, I desire to bring before you facts, which, in my humble opinion, are contributing toward the labour unrest of to-day.

Before continuing further, I would like to pay tribute to Mr. William Alexander Gunn, Labour Relations Council in the City of Toronto, for the valuable assistance given me in the securing of data contained herein, and who is unable to be here to-day.

Mr. COHEN: Is that the gentleman who was associated with the coal industry in Toronto?

Mr. RICE: Yes, sir. I make some reference to that later on.

The thinking element of the younger generation in Canada to-day is vitally concerned with:—

(a) The labour situation as it affects our war effort, and

(b) The planning and preparation of post-war plans, to assure

some degree of economic security, that the young men and women of Canada will not have to go through a demoralizing period of depression as was found by our fathers, following World War No. 1.

#### *Clause A.*

1. It would appear to me that the greatest stumbling block in the way of securing the maximum of co-operation between management and labour is the complete lack of a sound labour policy in Canada. The lack of policy has allowed racketeering to develop within our labour organizations, to such proportions that certain labour unions have been able to openly break the law and flout the fact in the faces of governmental officials. This fact has been aptly demonstrated in the manner in which strikes, declared by the Minister of Labour to be illegal, have continued for days and weeks. There is apparently no plan or procedure for dealing with such a situation.

Mr. COHEN: What do you mean when you say that lack of policy has allowed racketeering to develop?

Mr. RICE: I think perhaps it explains itself further in the brief.

Mr. COHEN: Do you refer to strikes? Is that what you mean?

Mr. RICE: Racketeering which allows an actual breaking of the law. I use the word in its broadest sense, simply to mean allowing certain unions to become more or less a racket.

Mr. COHEN: You say you enlarge upon that later?

Mr. RICE: Yes.

2. The department, and Minister of Labour has, in several cases shown discrimination against certain unions, or bargaining agencies. For instance: Two major war industries in the Toronto area, where company unions were the bargaining agencies, had their councils meet with the management to request an increase in the basic wage rate of 42 cents an hour for general labour, to 52 cents per hour. In each case the management was in accord with the workers' demands. Permission was requested from the Regional War Labour Board in Toronto to increase the basic rate for general labour from 42 to 52 cents per hour. However, the Regional War Labour Board turned the request down. Both of these plants applied not once but several times for the permission, and were refused each time. After some months of negotiating in vain a union, affiliated with the C.I.O., organized a small percentage of the workers in each of the two companies referred to. When the management then went before the Regional War Labour Board with the same request from the C.I.O., that had been previously rejected, it was granted. Why was the original request in each case refused? It would seem that the Department of Labour is catering to the C.I.O., and that, in view of the fact, that the C.I.O. has broken its "No Strike in Wartime" pledge, is hard for the thinking worker to understand. It is all the more difficult to comprehend when the government persists in showing discrimination of this sort against company or plant union and councils, when the Prime Minister in his book "Industry and Humanity", written before the last war, when he was engaged in labour research for the Rockefeller Foundation, advocated the company unions as being the democratic agency for collective bargaining.

Mr. LALANDE: You are holding the Department of Labour to blame for a decision of the Regional War Labour Board for the Province of Ontario. That is rather unfair.

Mr. RICE: Yes, it is, but I am referring to the fact that the department did not set out any labour policy on which the former board could be guided, nor has the department acted upon the recommendations in other cases.

Mr. COHEN: What is the particular concern you are referring to as having been refused?

Mr. RICE: Dominion Bridge, and the Dominion Tire and Rubber Company.

The CHAIRMAN: Dominion Bridge is in Montreal, is it not?

Mr. RICE: There are two branches in Toronto. One is C.I.O. and the other a company union.

Mr. COHEN: What is a company union? There has been some discussion on that.

Mr. RICE: I have heard some.

Mr. COHEN: What is it?

Mr. RICE: My interpretation of a company union is a bargaining agency which has no affiliation with any industry outside of the one it actually repre-



sents; a bargaining agency elected to handle the affairs of the men in that plant only, to which the members pay no dues, and which is not affiliated with any other labour organization.

3. I would like to draw the attention of the Board to another glaring case of inconsistency in our labour administration. During the recent coal shortage in the city of Toronto the Wartime Prices and Trade Board allowed coal dealers to increase the price of coal to the consumer. The Regional War Labour Board instructed all coal dealers to increase by fifteen cents a ton the wage rate for the delivery of coal. There was an exception, however. If a coal dealer had certain loading equipment he was not compelled to pay the increased delivery rate. But—it was and is, only the big dealer who has this equipment. Consequently this ruling is working a great hardship against the small dealer, and helping to set up a virtual combine in the coal industry.

I might implement that paragraph by stating that the men working for the three large dealers who had this equipment are not receiving the additional and increased delivery rate.

4. I would like at this juncture to bring before the Board the variance of prevailing wage rates in different industries, for similar work being done. For instance: Welders in Toronto, working in some plants operating under private ownership, receive a basic rate of 65 cents per hour. One governmentally owned and operated plant is paying a basic rate of 85 cents per hour.

The CHAIRMAN: You are talking about the shipyards?

Mr. RICE: Yes.

It is true that in the majority of cases welders work on a piece-work basis. There is always, however, a period following the completion of one type of work and the start of another when the average welder will only earn his basic rate. As a consequence, the men working in the welding trade, where the basic rate is low, are continuously giving their separation notice, thereby contributing to a very large degree toward the excessively high labour turnover in many of our war industries. Any attempt that has been made in the past on the part of private industry to rectify this condition, has failed, inasmuch as the Regional War Labour Board has consistently refused the request to increase the basic wage rate for skilled labour, working on a piece-work basis.

5. Another cause for the general unrest prevailing within the ranks of labour is the fact that the government, through the Wartime Prices and Trade Board, has failed to set a uniform cost of living bonus, either nationally or regionally. It stands to reason that a machinist, press operator, welder or any type of skilled or unskilled labourer, is not going to be content with a cost of living bonus of sixty cents per week, when the neighbouring industry is paying from four to four and a half dollars as a cost of living bonus for the same type of work, and the same hourly rate of pay.

6. Another underlying cause contributing to labour unrest to-day is the fact that while management is bound by the Department of Labour to stand by and uphold any agreement or contract into which it may have entered with the employees, through collective bargaining, yet, there is apparently no desire on the part of the Minister nor the Department of Labour to see to it that labour, through their bargaining committee, live up to their promises and commitments. For example: We have in Canada several industries who, through their plant unions or unions affiliated with the A.F. of L., signed an agreement with the management, compelling them to live up to certain promises as regards working conditions and

wages. On the other hand, the bargaining agency assured the management of the complete co-operation of all employees to attain the maximum production possible, and to refrain from requesting any further concessions for a given period of time. However, what has happened in the majority of these plants? Organizers, affiliated with the C.I.O., have managed to worm their way in and organize sufficient of the key workers to be able to paralyze the industry should they so desire, and they demand that the management scrap the agreement made with the former bargaining agency, even though there may be many months in which the agreement is still binding. I have found on more than one occasion that a small minority representing a C.I.O. union has been able to coerce the management against its will, and in some cases, against the will of the majority of the workers, to scrap an existing agreement with their employees, to which both parties have lived up, so that a more exacting agreement could be entered into. Surely, then, if the Department of Labour compels the management of industries to live up to any agreement into which they enter, the contract should be binding on the other side, and see that labour, too, live up to their part of the agreement.

Now, gentlemen, I have dealt briefly with what I consider the six underlying causes contributing to the greatest extent towards labour unrest, as it exists to-day. May I very briefly summarize these causes.

1. Lack of a sound national labour policy, and the failure of the Department of Labour to make decisions and stand by them.

2. Discrimination, on the part of the Regional War Labour Boards, against plant councils and company unions.

3. Inconsistency on the part of the Department of Labour, as illustrated in the coal situation in Toronto, where the small dealer was discriminated against to the advantage of the big dealer.

4. The variance in wage rates paid labour for comparative type of work being performed, in a given area, by different industries.

5. Failure of the government to enact legislation compelling a uniform standard cost of living bonus for all industry in a given area.

6. Failure of our existing code to see that labour lives up to its promises and commitments to the same degree as management is compelled to do.

Now, gentlemen, I crave your indulgence while I briefly offer some suggestions which, from my experience, I am convinced would correct and remedy the conditions mentioned heretofore.

1. The calling together of representatives from each provincial Department of Labour so that a *National Labour Policy* might be evolved. It is only fair and right that the worker in British Columbia, or Nova Scotia, have the same rights and protection as the worker in Ontario. Canada is an entity. She must not be divided into segments, such as provinces, from the labour point of view; what is fair for the worker in the east is fair for the worker in the west. And so I urge upon you the desirability of an inter-provincial conference of representatives of the various Departments of Labour, so that a *National Labour Policy* might be evolved.

In this regard I feel that the government should enact legislation compelling all labour organizations to submit an annual statement of their receipts and expenditures to the Labour Department. No union should be allowed to collect dues from workers until they have become incorporated under the laws of this country.

It is a peculiar situation when one sees a man who is not even a citizen of this country, a man who cannot vote, either here or, in some cases, in the United States, representing hundreds and thousands of workers, and formulating for these workers their policy with regard to working conditions. I have listened more than once to the secretary of a union affiliated with the C.I.O. get up in the meetings of the Trades and Labour Council of Winnipeg, and advise the Council on the stand to be taken with regard to government regulations or rulings. Yet this same person, after years of residence in Canada, has not at any time made application for citizenship in this country. In fact, he can not even speak the "King's English", yet two or three thousand workers pay tribute to this man to the extent of \$1 per month.

Mr. COHEN: Do you suggest that two to three thousand workers are paying \$1 a month each to some individual?

Mr. RICE: He is the man who controls the purse strings. That is what I mean. He is the organizer of the group.

Mr. COHEN: Are you referring to Mr. Herbst?

Mr. RICE: Yes.

Mr. COHEN: Do you suggest he is collecting \$2,000 or \$3,000 a month?

Mr. RICE: He told me he had over two thousand in the membership.

Mr. COHEN: You surely know that that goes to half a dozen trade unions.

Mr. RICE: I realize that.

Mr. COHEN: Then what is the reason for a statement of that kind in the text?

Mr. RICE: I am asking what happened to it. That is what we would like to know—what happened to it. We feel there should be some accounting for these moneys which there is not now.

Mr. COHEN: Mr. Herbst is the representative of the International Ladies' Garment Workers' Union?

Mr. RICE: Yes.

Mr. COHEN: If you dropped a letter to that trade union at its office in New York you would receive a detailed statement of what the union has collected in Winnipeg and paid out.

Mr. RICE: We were not able to secure from the organizers their incomes, receipts or expenditures from the various Canadian unions. We have asked and have been told it was none of our business.

Mr. COHEN: Who do you mean when you say "we"?

Mr. RICE: The members of the Trades and Labour Council. I am bringing that home a little closer in the case of the Toronto shipyards. We know not what percentage goes to the organizer, but we feel that with the tremendous personnel in that plant and the amount of money taken from the workers, there should be some accounting, and they should be treated as trust funds after an accounting of expenditures has been filed with the Department.

Mr. COHEN: I am not quarrelling with that. Your text suggests that 2,000 or 3,000 workers in Winnipeg are paying tribute to "this man"—it turns out to be Mr. Herbst. You surely know better than that statement implies.

Mr. RICE: It was not meant to imply going into his pocket. It was meant to imply that he is the man who has most to do with formulating their policy. It goes to him in connection with his work as organizer, and it is not known what is received in the way of benefit by each worker.

What happens to all that money? What benefit do the workers receive for their monthly contribution? Surely, gentlemen, it is high time that steps were taken to eliminate racketeering such as this, and legislation passed to see that labour organizers are not allowed to exploit the workers for their own private gain.



Mr. COHEN: That is what you referred to earlier in your document when you used the term "racketeer"?

Mr. RICE: Yes, and it is implemented a little further on in the brief where I bring up specific examples.

There is one more matter in regard to policy that I wish to bring to your attention, and that is: The right of every citizen and worker to freedom of association. Yet that right is at present denied many workers. Let me give you an example. In the case of a certain war industry in Toronto a vote was taken recently, as to whether the C.I.O. or A.F. of L. should be the bargaining agency for that industry.

Mr. COHEN: You are referring to the Inglis vote?

Mr. RICE: Yes.

Out of seven thousand votes cast six thousand were for the C.I.O., and one thousand for the A.F. of L. As a result the C.I.O. has become the bargaining agency for this plant. But how about the nine thousand workers who desired neither the C.I.O. nor the A.F. of L., and so did not vote at all?

I am not assuming that by not voting they did not approve.

Is it democratic that these workers, representing more than sixty per cent of the factory personnel, should be compelled to pay dues to a union of which they do not approve? I suggest that before any industry can become a closed shop, the union must be able to produce a list of its membership, proving that its membership consists of at least fifty-one per cent of all workers on the payroll, at the time the vote is taken.

Mr. COHEN: What is there as the result of that vote at Inglis which makes them pay union dues whether they care to vote or not?

Mr. RICE: They secure the representation and get a closed shop, and the men that desire to be affiliated with no union in the shipyard still have to be affiliated with the union.

Mr. COHEN: You say that as the result of the vote at Inglis sixty per cent of the workers are required to pay dues to a union of which they do not approve?

Mr. RICE: The nine thousand who did not vote.

Mr. COHEN: Who suggested that they have to pay dues to any union?

Mr. RICE: The C.I.O. are pressing for a closed shop. That means they all have to pay dues or become members of the union, despite the fact that they did not desire to do so.

Mr. COHEN: What you mean to indicate is that if in fact the C.I.O. secure a closed shop, the net result will be that the workers who did not vote will have to pay dues?

Mr. RICE: That is it.

The CHAIRMAN: I am wondering about this vote. I should like to have the information, if you can give it to me. Were the nine thousand you refer to qualified to vote, or was not this vote limited to the ordnance department?

Mr. RICE: That is where the request, I understand, originally came from. I was not in Inglis at that time, but my information is that the vote was taken in every department of the plant. I am going on information secured from one of the men on the staff. I understand that polling booths were located in every department, not just in the ordnance department. That is my information.

The CHAIRMAN: Then you made some reference to the Toronto Shipbuilding Company as a closed shop. There is at the present time an A. F. of L. council—

Mr. RICE: There is a closed shop. I did not say whether it was one union or the other. I understand that the United Steelworkers are the bargaining agency for the Toronto Shipbuilding yards, but I know this, that in the case of

welders leaving the plant I was connected with, not having a union card, they had to secure it before they could seek employment there, even though in some cases—I know of two—there was no opening. They had to have their union card before they could be told that.

Mr. COHEN: I had to get a union card before I could practise law.

Mr. RICE: So did I. However, when you get that, although your fees to the association are a little more, you do know something about what happens to them, but in industry the average worker complains that he does not.

Mr. COHEN: Do you think I should obtain from the Law Society an accounting for all those fees?

Mr. RICE: I think you have a pretty good idea.

Furthermore, I believe that a worker should be in the employ of a given industry for a period of at least three to six months before being allowed to vote upon any matters pertaining to the welfare of the employees. Such a ruling would do a great deal toward eliminating the racketeers, and agitators who float or drift from one industry to another, with only one purpose in mind, namely, to keep the workers in a spirit of unrest. More than one strike in Canada can be attributed directly to professional agitators who enter the employ of an industry, simply to stir up strife amongst the workers. They have no real interest in the workers' welfare, but are interested in establishing their own union, simply for the payment of dues into their funds, a large percentage of which goes to the organizers. One labour organizer for a C.I.O. affiliate told me a year or so ago that he was engaged in organizing an industry in the Niagara Peninsula and that it would take him a couple of months, but it was worth twenty-five hundred dollars to him. Surely it is time that this type of parasite was ejected from the ranks of the workers.

That is a specific case of a chap whom I know intimately. I went to school with him. That is the point I am driving at.

Mr. COHEN: You mean he suggested to you that as the result of a couple of months organizing he would personally benefit to the extent of \$2,500?

Mr. RICE: That he would personally benefit to the extent of the fees paid by members brought into the union, his own percentage of the fees.

Mr. COHEN: Would you care to tell us what industry it was?

Mr. RICE: I cannot, because it was told to me in confidence. I could, off the record, give you the name of the organizer. It would have to stand at that.

2. If the workers are expected to have confidence in the National War Labour Board and in the Regional Boards under your jurisdiction, it is imperative that all collective bargaining agencies be accorded the same treatment and considerations. If you, gentlemen, allow a Regional Board to grant concessions to an industry when the C.I.O. has secured control of the workers, yet refuse a similar request from an industry that has a plant council, or internal union, you are helping to lay the foundations for totalitarianism within the ranks of labour, which is the very thing which has plunged the world into war, and which we are fighting to eliminate. Again I say, our labour policy must allow freedom of association for all workers.

3. Our labour policy must be constant. The various industrial areas of Canada should be zoned, and equality of wage rates established in each zone for similar work being done in the various industries.

4. A standard cost of living bonus, based upon the full increased cost of living, should be paid all workers. There should be no differentiation amongst industry, as regards the payment of cost of living bonuses.

5. The enacting of legislation making contracts and agreements as binding upon labour as upon management. No rival labour organization should be allowed to upset an agreement or contract, entered into by another bargaining agency, before the expiration of the contract.

6. I feel that at this juncture some mention should be made in regard to the problem of the workers who find that by means of extreme exertion, and the working of long hours, are able to increase production anywhere from fifty to one hundred per cent, but who find that upon receipt of their overtime pay, and production bonus, are actually not as well off financially as when working less strenuously and for fewer hours. Surely it is a short-sighted policy which actually penalizes a worker for increasing production. I feel that the National War Labour Board should recommend that the act upon which income tax, payable by industrial workers, is based, should be so amended that a worker receiving a production bonus should pay income tax on that bonus at a much lower rate than that set upon the basic or original rate. Such legislation would encourage the maximum of production from the minimum of workers, which in the present situation, when we are faced with an acute labour shortage, would react to the distinct advantage of our industrial war effort.

In that connection I would say that two industries told me they attributed their absenteeism, up to as high as five per cent, to the fact that many of the workers doing overtime stay away from work one day a week because they think if they were at their job that sixth day it would throw their income into a higher tax bracket, and they would not be as well off financially as if they took that one day holiday each week.

Such legislation would have the added advantage of promoting a constancy among labour, thereby reducing to a minimum the labour turnover in industry to-day.

#### *Clause B*

I wish here to make a very brief reference to the planning for the post-war period.

Firstly, it is essential that a spirit of confidence in our Labour Department be established in the minds of all workers in Canada. I feel that can best be accomplished by carrying out the six suggestions contained under the heading, Clause A, and to which I have previously referred.

Secondly, I am of the opinion that the time is now, apropos, to the appointment of a sub-committee under the jurisdiction of the National War Labour Board, to inquire into the following:—

- (a) What percentage of men and women now employed in industry will be returned to their former occupations.
- (b) What percentage of men now employed in the various branches of the armed services can reasonably be expected to return to industrial life after the war.
- (c) To what extent can post-war industrial production be reasonably expected to be reduced from present production.
- (d) In view of the above suggested information being available, to what extent should the working hours of the average industrial worker be reduced, so that employment may be provided for all able-bodied men.



*Summary*

In closing, may I point out this one fact. The growth of certain types and forms of labour organizations can be attributed to the fact that unscrupulous organizers have, and are, promising employment for all, in peace time as in war. Yet these same organizers and organizations which they represent, are doing little or nothing to formulate a practical post-war policy. It stands to reason that industrial production cannot be maintained at the present peak for any length of time, after the cessation of hostilities. Hence, the necessity for an immediate inquiry into the problems heretofore mentioned, by a responsible committee under your jurisdiction, who would be able to bring in a concrete post-war plan for labour with suggestions for the practical application of same.

I would also like to stress this fact, that any committee, or board, so appointed, should have adequate labour and industrial management representation. The heads of industry and the workers in their employ must be brought closer together. If we are to avoid the mistakes of the past it is essential that labour understand the problems of management, and management have a clear picture of the problems of the worker.

The working out together of such problems will, I am sure, pave the way for a post-war development of economic security, along truly democratic lines.

The CHAIRMAN: Thank you, Mr. Rice. We will adjourn until 10.30 a.m. tomorrow.

The hearing was adjourned until Wednesday, May 26, 1943, at 10.30 a.m.

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WEDNESDAY, May 26, 1943; 10.30 a.m.

Pursuant to adjournment the hearing was resumed.

The CHAIRMAN: Yes, Mr. Beique.

Mr. PAUL BEIQUE (Chambre de Commerce du District de Montreal): I have the honour to appear as the representative of the Chambre de Commerce du district de Montreal, and to present our brief which has been endorsed by the Federation des Chambres de Commerce of the Province of Quebec.

La Chambre de Commerce du district de Montreal has a membership totalling 1,700 drawn from 225 different professional classifications. It was founded in 1887. Its legal existence is derived from the Federal Law of Chambers of Commerce (revised statutes 1927, ch. 19) and from a special Federal Statute (ch. 88, 58-59 Victoria).

The federation of Chambers of Commerce of the Province of Quebec, which endorses the brief of La Chambre de Commerce du district de Montreal, comprises 55 Chambers of Commerce of the Province of Quebec. Its legal existence is derived from the federal law 9-10, Edward VII, ch. 99.

I have to confess that I am not expert in labour relations and therefore when the time comes to discuss details with members of your Board, I would ask that the questions be addressed to another member of this group.

The CHAIRMAN: We are trying to find out something about labour relations ourselves.

Mr. BEIQUE: You have a very difficult and complex problem to solve, and I am afraid I shall be of very little assistance in the matter. I would prefer, with your kind permission, to leave to somebody else more competent than I

in the perilous role of answering your questions. I will say a very few words. It is my great pleasure to thank the Board for the opportunity of presenting our brief containing an analysis of the situation and our views on the matter. It may be interesting to know that the questions formulated by your Board were considered very helpful by our committee, as the basis for this statement; in fact in their view they covered a very wide field. Upon examination of our brief you will see we try to present our views in a concise form, with a minimum of discussion, and with the idea that the brief represents the opinion of a large majority of the people of my province at least. I trust the representations will be of service to you. Please bear in mind that the brief has been prepared in French. It was prepared in a hurry. I am not satisfied that the translation does full justice to the French text, so that if there is any discussion I would like you to refer to the French text.

We have every confidence that industry and labour have found in your Board a truly impartial Board who will do what is right and fair to all parties. We consider it is right that the government has set up such a Board, and we have confidence that you gentlemen will make a valuable contribution to the solution of the present difficulties, which is so necessary to the transaction of the war and so important to those in labour and industry.

I have with me Mr. Maurice Trudeau, treasurer of the *Chambre de Commerce*, and a lawyer of distinction. I will ask him to give you the contents of our brief.

MR. TRUDEAU: This brief has been prepared by a special committee of the *Chambre de Commerce*. My duty is to give to you this brief to-day:—

#### A BRIEF TO THE NATIONAL LABOUR BOARD

This brief consists of three parts:—

I. A declaration of principles which serve as a guide to the *Chambre* in its replies to questions asked by the McTague Commission.

II. The *Chambre's* conclusions of the matter of employer-employee relations.

III. The *Chambre's* conclusions on salaries and wages.

##### *I. Declaration of Principles*

A. The *Chambre* recognizes the authority of the National Labour Board to act during wartime and in the period immediately following cessation of hostilities provided that such period be a definite one. This said period might be prolonged for a further determined length of time.

B. The *Chambre* is of the opinion that it is a proper and necessary procedure for the McTague Commission to make a general investigation concerning all labour problems. It believes, however, that in the solution of these problems the Federal Government should not take any steps comprising the future or modifying the constitutional relations between the Provincial Governments and the Federal Authority.

C. The *Chambre* is agreed on the following principles to be observed in solving labour troubles:—

##### *(a) Workmen's rights:*

Man is not a machine; his labour is not a commodity the price of which can be fixed solely by open competition. He has the right to work, the right to leisure, and the right to a certain intellectual development which is bound to make him a true citizen. In Canada, his work is free, and if certain restrictions are imposed by the necessities of wartime on that freedom, it should be remembered that such restrictions must be reduced to a bare minimum.

*(b) Salaries and Wages:*

A workman's wages are payments for work done and are not to be regarded as acts of philanthropy. He should be rewarded according to the services he has performed. Any solution to the labour problem that neglects this principle would be more or less unsound.

*(c) Social Justice:*

Both workman and employer are necessary to economic life. Any solution to the labour problem tending to neglect the necessary role of the workman and of the employer, or of one or another of them, or likely to line one of them up against the other, would be unsound.

*(d) The State and Labour Relations:*

The State does not alone possess rights, and if it be conceded that it must be in control of labour relations this does not mean that it should have the right to direct all such relations. The Chambre is of the opinion that the utmost measure of freedom compatible with the continued war effort must be granted to workmen and employers to settle among themselves their own problems, the State intervening only to ensure that justice be respected.

*(e) Trade Unionism and Workmen:*

The Chambre is in favour of a free Union giving to each workman the right to belong or not to a trade union; it is, however, of the opinion that any body which desires to act as a union should be legally constituted.

Mr. LALANDE: I take it you mean by "union should be legally constituted" such a constitution as flows from the Quebec Professional Syndicates Act; is that what you have in mind?

Mr. TRUDEAU: Yes, the Quebec Professional Syndicates Act.

Mr. COHEN: You deal with that subject later, on page 9 of your brief.

Mr. TRUDEAU: Yes.

*II. Employer-Employee Relations*

In giving replies to questions asked on employer-employee relations a distinction has been drawn between:—

- (a) Labour relations properly so-called.
- (b) Methods of avoiding strikes.

*A. Labour Relations*

The Chambre believes that good relations between employees and their employers are the active concern of governments on the one hand and employers and employees on the other.

*(i) Government Action:*

1. The Province of Quebec has established labour legislation which has given satisfactory results. The Federal Government should be prompted to act on such legislation and should make a wider use during wartime of the organizations responsible for its application.

2. The collective agreement seems to be the most effective method of solving labour problems. The Federal Government should adopt this principle as a general rule, even if it has to make exceptions for particular industries and factories where the general rule would not be applicable.



Here the French text is different. We say the federal government should be invited to give consideration to such type of legislation, and to make wide use during war time of the organizations responsible for its application.

Mr. COHEN: You substitute for "prompted" in the English text the word "invite"?

Mr. TRUDEAU: Yes.

Mr. LALANDE: I think it is "invited to give consideration to such legislation." There is more than one word.

Mr. TRUDEAU: To continue:—

(ii) *Joint action by employers and employees:*

Employers should utilize to the utmost modern ideas for good labour relations, i.e., establishment of recreation and rest halls; factory committees formed by representatives of labour and management for the purpose of improving the lot of the employee; factory periodicals dealing with matters of internal management, etc.

All this is undoubtedly educational. The federal government should also promote a campaign to popularize these principles of good labour relations.

you refer to the French text it is very much more explicit than the English text.

Mr. COHEN: What page is that?

Mr. TRUDEAU: Page 7.

## *B. Methods of Avoiding Strikes*

Included under this heading are strikes properly so-called and "Absenteeism".

(i) *Causes of Strikes:*

Strikes at the present time are arising from ordinary causes such as wage disputes, improvement of working conditions, etc. Other causes should be added such as those which belong specially to the times in which we live, and which take on the character of a class or social struggle, as for example, the closed shop, trade union powers, etc. To be more precise we may mention, without excluding others, the following:—

1. *Scarcity of Man-power at the present time:—*

As all surplus labour has been taken up by war work, it is natural for the workman to feel stronger and therefore more easily disposed to follow leaders who are counselling him to go on strike.

2. *High Wages in War Industries:—*

Workmen in factories producing for civilian needs have a tendency to ask that their wages be brought up to the level of those paid in war factories.

3. *The Necessity of Labour Organizers to group their unions into larger bargaining units:—*

Salaries having reached a high level without intervention many workmen do not see so readily as they used to how useful it is for them to pay their dues to their union, hence a reaction from organizers.

4. *Absenteeism:—*

It appears that the income tax has a tendency to discourage workers from gaining an income beyond a certain level. This seems to be a

serious matter, and it ought to be set right. Some opportunity surely should be provided for studying and modifying according to need the method of deducting income tax from the pay envelope.

Mr. COHEN: You do not happen to have any concrete examples as to how that works out? You touch on something that has been mentioned by a number of people who have appeared before the Board, and the repetition—I do not say that in any wrong sense—lays emphasis on the cumulative value of such a statement. No one as yet has broken the thing down to concrete examples. It has been said that if workers worked overtime they found themselves worse off in a monetary sense than they would be if they worked the regular hours. If anybody has a concrete example of that sort of thing it would be very helpful.

Mr. TRUDEAU: It is rather hard and embarrassing to get any specific examples. Personally employees are showing me their pay envelopes and saying, "I earned so much this week, and I am deducted so much, so that next week I will only work so many hours, because I only get part of it; the balance has to be given to the government." We suggest that if the government could find some other way of deducting income tax it might help our war industries. I believe that in time we might educate our workers and show them they are doing war work and that there is still some money left to them after the deduction has been made. But there are many who feel they should not work more than so many hours a week because it is all deducted from the pay envelope.

Mr. LALANDE: I suppose the fact that the tax is graduated is an aggravation, because the higher the class the worker gets into, the greater is the proportion of his earnings deducted?

Mr. TRUDEAU: Exactly.

(ii) *Measures to be taken for avoiding strikes:—*

(a) *Open Shop:—*

For the duration of the war, no union may have the right to insist on a closed shop in any factory whatsoever in Canada.

(b) *Free Trade Unions:—*

Every workman must be free to belong or not to belong to a union, and such union should be of his own choice.

(c) *Compulsory Legalization of all Trade Unions:—*

Any group or body wishing to act as a union (for example, to be party to a collective agreement) must have a legal existence. The Chamber takes the view that an arbitration board should be allowed to impose penalties on the unions themselves or on their leaders in the event of their not accepting the findings of the board. However, in all circumstances, those workmen who are not unionized should enjoy the right conceded to those who belong to trade unions.

Mr. LALANDE: I suppose that the last sentence should be tied up with the preceding one, which deals with arbitration boards, meaning that the non-unionized workmen should be kept in mind by the arbitration board?

Mr. TRUDEAU: Exactly. When the arbitration board answers the question, if fifty per cent of the workers do not belong to the union, their wishes should be taken into consideration. I would say that if fifty per cent of the workers were not in the union, once everything has been decided they should abide by the collective agreement, but the Board before it does anything should take their wishes into consideration.

(iii) *Labour Organization*:—

In every industry where it is possible a collective agreement should be signed between the management and the workers. Such a collective agreement should, in addition to particular clauses, have the following general clauses:—

1. A clause stipulating that all workmen engaged at the factory during the existence of the agreement must be bound by its clauses whether they be members of the union which actually signed, or not.

Mr. COHEN: Just at that point when you use the expression "members of the union which actually signed" you take it that the agreement will be one entered into by the management on the one hand and some trade union representing at least a majority of the employees on the other?

Mr. TRUDEAU: Exactly.

2. A clause stipulating conciliation and compulsory arbitration in the event of a conflict.

(iv) *Methods of settling strikes*:—1. *Measures to be taken*:

To avoid strikes in Canada, the following are the steps to be taken and the machinery to be set up towards that end:

- (a) consolidation and codification of all the regulations concerning labour and strikes.
- (b) an outline of the policy showing the government's aim in its dealings with Labour.
- (c) institution of a conciliation and arbitration board.
- (d) institution of a code of procedure to be followed in regulating all labour disputes.
- (e) establishment of penalties for all persons or groups of persons infringing the regulations.

2. *Procedure to be followed*:

- (a) discussion between the management of its representatives and the representatives of the workers.
- (b) Compulsory Conciliation:

This conciliation must be attempted either in virtue of a clause in the collective agreement, or in virtue of the general regulations concerning labour in a case where there is no collective agreement.

Mr. COHEN: I suppose you really mean a little more than conciliation, which is merely an effort on the part of somebody to bring together two people who are otherwise at odds, whereas under (b) you seem to contemplate arbitration on some question. "Compulsory conciliation" in one sense is a conflict in terms.

Mr. TRUDEAU: Yes, the first part of the sentence would be a conciliation between two parties, and the second would be an arbitration between the parties.

Mr. LALANDE: There seems to be a distinction in this text between conciliation and arbitration. I think in (b) it is conciliation properly so-called and in (c) it is arbitration.

The CHAIRMAN: The word "compulsory" is used with it.

Mr. COHEN: I suppose you mean compulsory conciliation as under the Industrial Disputes Investigation Act, where there is an attempt to bring the parties together; you say there should be some procedure to get them together so that they may try to work out their disagreement?



Mr. TRUDEAU: Exactly.

- (c) If the conciliation attempt does not give the desired result, recourse must be had to compulsory arbitration before an arbitration board, with arbitrators or assessors chosen by the workers and management.

Mr. LALANDE: What do you mean by arbitrators or assessors chosen by the workers and management?

Mr. TRUDEAU: Both parties will appoint arbitrators or assessors to appear before the Board and assist the Board to come to some conclusion.

Mr. LALANDE: I think what you have in mind is something similar to the procedure of the Admiralty jurisdiction, where assessors are appointed to help the court?

Mr. TRUDEAU: Yes, in the same way as under the Compensation Act in Quebec they appoint assessors to help the court.

- (d) Findings by the board and solution of the dispute.

Mr. COHEN: Do you mean that the finding is to be binding?

Mr. TRUDEAU: Yes. The French text reads "the judgment as rendered by the Board."

Mr. LALANDE: As I understand it, your suggestion is that there should be compulsory arbitration.

Mr. TRUDEAU: There should be compulsory arbitration, and there will be a judgment issued by the Board which should be enforced.

Mr. LALANDE: You do not contemplate compulsory arbitration only in the cases where compulsory arbitration has been agreed upon, as in a collective agreement?

Mr. TRUDEAU: No.

Mr. LALANDE: This is compulsory arbitration imposed by legislation?

Mr. TRUDEAU: Yes, by legislation.

Mr. COHEN: I take it you are dealing with disputes arising out of the application of a collective agreement already arrived at?

Mr. TRUDEAU: Exactly.

- (e) Penalties to be enforced against those who refuse to accept the findings of the arbitration board.

### 3. Remarks.

The whole procedure of settling strikes should be simple, rapid and as inexpensive as possible.

## III. Wages and Bonuses

A. The Chambre de Commerce of the Montreal district is of the firm opinion that the government must protect the country from inflation. Moreover, since it would be a most difficult matter for the government to maintain control of prices without on the other hand controlling wages, the Chambre declares itself against all wage increases without previous consultation with the competent authorities. It declares itself against the principle of a wage level below which it would be possible for the employer to grant increases to his employees as and when he wished.

B. The Chambre de Commerce of the Montreal district believes that wages should be fixed at the highest level compatible with the working conditions of each industrial enterprise. Yet, taking into account the geographical differences between various parts of Canada, the Chambre

is of the opinion that the principle of uniform and standard wages throughout the country is not a sound one. In reality it seems impossible to establish such a principle on any practical basis.

C. To regulate wages throughout the country, the *Chambre de Commerce* believes that as soon as possible means must be provided for both labour and management to come to an agreement between themselves. This must be done by means of the collective agreement. If the need arose, the State could intervene to fix both the maxima and the minima.

D. Cost of Living Bonuses:—The *Chambre de Commerce* is in favour of cost of living bonuses as at present in force. It believes it is impossible to settle the questions of family allowances and the alleviation of other social responsibilities by means of the cost of living bonus. It wishes, however, to draw attention to the principle recognized when fixing bonuses at five cents per hour for workers in the building trade. As such bonuses are granted for overtime work, the whole principle is unsound. In reality, the cost of living bonus is independent of the number of hours worked.

The CHAIRMAN: That is our brief.

Mr. LALANDE: May I ask one question in reference to paragraph A of part III of your brief? Would you indicate what you mean by "competent authorities" with respect to wage increases.

Mr. TRUDEAU: I mean the National War Labour Board.

Mr. COHEN: Or the Regional War Labour Boards. You mean Boards having jurisdiction?

Mr. TRUDEAU: Yes.

Mr. COHEN: As to the last paragraph you read, where there is a reference to five cents an hour, the Order in Council specifically provides that bonus shall not be paid for overtime work.

Mr. TRUDEAU: That text was prepared after inquiry. They found out it was paid for all overtime.

Mr. LALANDE: Up to a maximum of so many hours a week?

Mr. TRUDEAU: No, according to our inquiry they found it was being paid for all the hours worked. We believe it should apply for a limited number of hours, and for overtime they should not be paid the five cents.

Mr. BEIQUE: We thank you, Mr. Chairman, for your kind reception.

The CHAIRMAN: Thank you very much, Mr. Trudeau and Mr. Beique.

*Mémoire de la Chambre de Commerce du District de Montréal au Conseil National du Travail en Temps de Guerre, Montréal, mai 1943*

*La Chambre de Commerce du District de Montréal*

*25 est, rue St-Jacques, Montréal*

ce 6 MAI 1943.

MONSIEUR LE PRÉSIDENT,

J'ai l'honneur de vous remettre le mémoire ci-annexé qui a été préparé par un comité dûment autorisé et approuvé par le Conseil d'administration de la Chambre de commerce du district de Montréal à sa séance du 5 mai 1943.

Le comité qui a préparé ce mémoire a consulté les membres de notre Chambre par voie de questionnaire. Il a de plus consulté une documentation amassée d'après ses instructions.

La Fédération des Chambres de commerce de la Province de Québec, l'intermédiaire de son Conseil Exécutif réuni en assemblée régulière, a chargé notre Chambre de la représenter devant votre Conseil.

M. Maurice Trudeau est autorisé à vous soumettre le mémoire qui est pour et au nom de notre Chambre.

Veillez accepter l'expression de mes sentiments très distingués.

*Le président,*

Paul Béique.

Honorable juge C.-P. McTague, président du  
Conseil National du Travail en temps de guerre,  
Ottawa, Ont.

La Chambre de commerce du district de Montréal compte dix-sept cents membres répartis entre 225 classifications professionnelles différentes.

Elle fut fondée en 1887. Elle tire son existence légale de la loi fédérale sur les Chambres de commerce (statuts révisés 1927, ch. 19) et d'un statut provincial fédéral (chapitre 88, 58-59 Victoria).

La Fédération des Chambres de commerce de la Province de Québec, endosse le mémoire de la Chambre de commerce du district de Montréal, qui représente 55 chambres de commerce de la Province de Québec. Elle tire son existence légale du statut fédéral 9-10 Edouard VII, ch. 99.



## RAPPORT AU CONSEIL NATIONAL DU TRAVAIL

Ce rapport contient trois parties:

- I.—Une déclaration de principes sur laquelle la Chambre s'appuie pour répondre aux questions posées par la commission McTague;
- II.—Les conclusions de la Chambre sur les relations entre patrons et employés;
- III.—Les conclusions de la Chambre sur les salaires et gages.

—*Déclaration de Principes*

A.—La Chambre reconnaît au Conseil National du Travail en temps de guerre l'autorité d'agir durant toute la période de guerre et dans la période qui suivra immédiatement la fin de la guerre pourvu que cette dernière période soit éfinie. Cette période pourrait être prolongée pourvu que ce soit pour un temps éterminé.

B.—La Chambre croit qu'il est bon et même nécessaire que la commission McTague fasse une enquête générale sur tous les problèmes ouvriers. Elle croit épendant que dans la solution de ces problèmes, le gouvernement fédéral ne devrait prendre aucune mesure qui engagerait l'avenir et modifierait les relations constitutionnelles entre les gouvernements provinciaux et le gouvernement fédéral.

C.—La Chambre s'entend sur les principes suivants de solution aux problèmes ouvriers:

a) *Droits de l'ouvrier*

L'homme n'est pas une machine; son travail n'est pas une marchandise dont le prix puisse étre fixé uniquement par la libre concurrence. Il a droit au travail, il a droit à des loisirs, il a droit à un certain développement intellectuel qui doit en faire un vrai citoyen. Au Canada, son travail est libre et si l'on peut considérer qu'en temps de guerre certaines restrictions doivent étre apportées à cette liberté, il faut considérer aussi que ces restrictions doivent étre réduites à leur minimum.

b) *Salaire et Travail*

Le salaire de l'ouvrier est le paiement d'un travail et n'est pas un acte de philanthropie. Il doit étre proportionné aux services rendus. Toute solution au problème ouvrier qui s'écarterait de ce principe serait une solution fausse.

c) *Justice sociale*

L'ouvrier et le patron sont nécessaires à la vie économique. Toute solution au problème ouvrier qui oublierait le rôle nécessaire de l'ouvrier et du patron ou de l'un ou de l'autre, ou dresserait l'un contre l'autre serait fausse.

d) *L'Etat et les relations ouvrières*

L'Etat n'a pas tous les droits et s'il faut admettre que l'Etat ait un contrôle sur les relations ouvrières, il ne faut pas admettre qu'il dirige toutes ces relations. La Chambre est d'avis que la plus grande liberté compatible avec la continuité de l'effort de guerre doit étre laissée aux ouvriers et patrons pour qu'ils règlent entre eux leurs problèmes, l'Etat n'intervenant que pour assurer le respect de la justice.

(e) *Syndicalisme et ouvrier*

La Chambre se prononce pour le syndicalisme libre donnant à tout ouvrier le droit de faire partie ou non d'un syndicat; cependant elle est d'avis que tout groupement qui veut agir comme syndicat devrait être consulté légalement.

II.—*Relations entre ouvriers et patrons*

Pour répondre aux questions posées sur le problème des relations entre ouvriers et patrons, il a été fait une distinction entre:

- (a) les relations ouvrières proprement dites;
- (b) les moyens d'éviter les grèves.

A.—*Relations ouvrières*

La Chambre croit que les bonnes relations entre ouvriers et patrons tiennent à l'action combinée des gouvernements d'une part, des patrons et des ouvriers d'autre part.

(i) *De l'action du gouvernement*

1. La Province de Québec a mis pied une législation ouvrière qui a donné des résultats satisfaisants. Le gouvernement fédéral devrait s'inspirer de cette législation et utiliser plus largement durant la guerre, les organismes chargés de son application.

2. La convention collective semble la méthode la plus efficace de résoudre les problèmes ouvriers. Le gouvernement fédéral devrait en admettre le principe comme règle générale, quitte à instituer des règlements d'exception pour les industries et les usines où la règle générale ne serait pas applicable.

(ii) *De l'action des ouvriers et patrons entre eux*

Les patrons devraient utiliser au maximum les données modernes de bonnes relations ouvrières, i.e. établissement de salles d'amusement et de repos; comités d'entreprise formés de représentants des ouvriers et des patrons ayant pour objet d'améliorer le sort des employés; journaux de régie interne, etc.

Tout cela, sans doute, tient à l'éducation. Aussi le gouvernement fédéral devrait-il entreprendre une campagne tendant à vulgariser ces principes de bonnes relations ouvrières.

B.—*Moyens d'éviter les grèves*

Nous avons fait entrer dans cette division les grèves proprement dites, i.e. "absentéisme".

(i) *Les Causes de Grèves*

Les causes de grèves à l'heure actuelle sont les causes ordinaires comme l'augmentation des salaires, l'amélioration des conditions de travail, etc. On devrait ajouter les causes qui tiennent de notre époque et qui ont un caractère de lutte sociale ou de classes, comme l'atelier fermé, les juridictions de syndicat, etc. D'une façon plus particulière, mais non restrictive, nous énumérons:

1. *La pénurie de main-d'œuvre à l'heure actuelle:—*

La guerre ayant engagé toutes les disponibilités de main-d'œuvre, il est naturel que l'ouvrier se sente plus fort et soit plus facilement enclin à suivre les organisateurs qui le poussent aux grèves.

2. *Les hauts salaires payés dans l'industrie de guerre:—*

Les ouvriers des usines de production civile ont tendance à vouloir hausser leurs salaires au niveau de ceux des industries de guerre.

La nécessité où se trouvent les organisateurs ouvriers de grouper leurs syndiqués:—

Les salaires étant naturellement élevés, beaucoup d'ouvriers ne voient pas si bien que d'habitude l'utilité qu'il y a pour eux de payer leurs contributions syndicat qui, de ce fait, tend à perdre des adhérents. D'où réaction des gâsinateurs.

L'"absentéisme":—

Il semble que l'impôt sur le revenu tende à décourager les travailleurs de gagner un salaire dépassant un certain niveau. La situation paraît grave et il viendrait de la corriger. N'y aurait-il pas lieu d'étudier et de modifier au sein la procédure des prélèvements d'impôt à la source.

) Mesures à prendre pour empêcher les grèves

(a) *Atelier libre*.—Pour la durée de la guerre, aucun syndicat ne devrait avoir droit à un contrat d'atelier fermé dans quelque usine que ce soit au Canada.

(b) *Syndicalisme libre*.—Tout ouvrier devrait être libre d'appartenir ou non à un syndicat et être libre d'appartenir au syndicat de son choix.

(c) *Légalité obligatoire du syndicat*.—Tout groupement qui voudrait agir en tant que syndicat (par exemple, être partie à une convention collective) devrait avoir une existence légale. Le but visé par la Chambre est de permettre au tribunal d'arbitrage d'imposer des sanctions aux syndicats eux-mêmes ou à leurs chefs dans le cas où ils n'accepteraient pas la sentence arbitrale. Néanmoins, en toute occasion les ouvriers libres devraient avoir les mêmes droits que ceux des syndicats.

) Organisation ouvrière

Dans toute industrie où cela serait possible, les ouvriers et les patrons devraient signer entre eux une convention collective. Cette convention collective devrait, en plus des clauses particulières, comporter les clauses générales suivantes:

1. Une clause stipulant que tous les ouvriers embauchés à l'usine durant l'existence du contrat seront soumis aux clauses de la convention collective, qu'ils fassent partie ou non du ou des syndicats qui ont signé la convention.

2. Une clause stipulant la conciliation et l'arbitrage obligatoire en cas de conflit.

) Procédure de solution des grèves

1. *Mesures à prendre*.—Pour éviter les grèves au Canada, voici les mesures devraient être prises et les institutions qui devraient être mises sur pieds:

(a) Consolidation et codification de toutes les ordonnances gouvernant le travail et les grèves;

(b) Exposé de politique tendant à établir le but que se propose le gouvernement dans politique ouvrière;

(c) Institution d'un tribunal de conciliation et d'arbitrage;

(d) Institution d'un code de procédure à suivre dans le règlement de tous différends ouvriers;

(e) Etablissement de sanctions pour toutes personnes ou groupes de personnes enfreignant ces règlements.

2. *Procédure à suivre*:

(a) Discussion entre le patron ou ses représentants et les représentants des employés;



(b) *Conciliation obligatoire*.—Cette conciliation devra être soit en vertu d'une clause de la convention collective, soit en vertu d'ordonnances générales sur le travail dans le cas où il n'y a pas de convention collective;

(c) *Arbitrage*.—Si la conciliation ne donne pas le résultat attendu, devra avoir recours à l'arbitrage obligatoire devant le tribunal d'arbitrage avec arbitres ou assesseurs choisis par les ouvriers et les patrons;

(d) Jugement par le tribunal et solution du différend;

(e) Des sanctions devront être prévues contre ceux qui enfreignent le jugement rendu par le tribunal d'arbitrage.

3. *Remarque*.—Toute la procédure de règlement des grèves doit être simple, rapide et le moins coûteuse possible.

### *Salaires et Bonis*

A.—La Chambre de commerce du district de Montréal tient à ce que le gouvernement protège le pays de l'inflation. Aussi, puisqu'il serait très difficile de maintenir le contrôle des prix sans, d'un autre côté, maintenir le contrôle des salaires, la Chambre se déclare-t-elle contre tout relèvement de salaires sans entente préalable avec les autorités compétentes. Elle se déclare contre le principe d'un niveau de salaire au-dessous duquel il serait possible au patron d'accorder à ses employés des augmentations à sa guise.

B.—La Chambre de commerce du district de Montréal croit que les salaires doivent être fixés au niveau le plus élevé compatible avec les conditions d'exploitation de chaque entreprise. Toutefois, pour tenir compte des différences géographiques entre les diverses parties du Canada, la Chambre de commerce croit que le principe de l'uniformité des salaires à travers tout le pays n'est pas un principe sain. Il semble en effet impossible d'établir cette règle sur des bases pratiques.

C.—Pour réglementer les gages au pays, la Chambre de commerce croit qu'il faudrait autant que possible remettre entre les mains des ouvriers et des patrons le moyen de s'entendre eux-mêmes. Cela devrait se faire par la convention collective. Au besoin l'Etat pourrait intervenir pour fixer soit des maxima soit des minima.

D.—Bonis de vie chère.—La Chambre de commerce est en faveur du boni de vie chère tel qu'il existe à l'heure actuelle. Elle croit qu'il est impossible de faire intervenir les questions d'allocations familiales et d'allégement des autres charges sociales à l'aide de bonis de vie chère. Elle désire faire remarquer cependant que le principe reconnu lors de l'établissement d'un boni de 5c. l'heure pour les ouvriers de la construction, boni qui vaut pour les heures supplémentaires de travail, n'est pas un principe sain. En effet, le boni de vie chère est indépendant du nombre d'heures de travail.

Dr. LEON LORTIE (Canadian Institute of Chemistry): Mr. Chairman and gentlemen of the Board. This being a joint submission presented before you by the Board by different associations, I wish to present those representing the associations: Mr. K. M. Cameron, President, and Mr. L. Austin Wright, secretary of the Engineering Institute of Canada; Mr. A. E. MacRae, representing the Canadian Institute of Mining and Metallurgy, and the Dominion Council of Professional Engineers; Mr. A. J. Hazelgrove, representing the Royal Architectural Institute of Canada; and myself representing the Canadian Institute of Chemistry. I should like to present this short brief and make some further remarks:—

Officers of the undersigned Dominion-wide professional organizations, whose combined membership totals over 15,000, have followed with interest the sittings of the National War Labour Board and the submissions which have been presented by representatives of employers and organized labour bearing on labour relations throughout Canada.

It has been noted that the field of the professional man, although a large and important section of all employment in Canada, has not yet been brought to your attention. Therefore the committee representing this group is pleased to have this opportunity to place before you the professional point of view.

Since most engineers, chemists and architects are employees, and at the same time are recognized as members of learned professions, they feel that they may be inadvertently involved in disadvantageous employer-employee relationships and in compulsory collective bargaining legislation. In fact, labour representatives in their recent presentations to the Ontario Legislature and before your Board, have, by implication, indicated that the learned and scientific professions would be included in such legislation.

Mr. LALANDE: As a matter of fact I think the Ontario Act excludes members of learned or scientific professions—I think that is the wording.

Dr. LORTIE: Yes indeed. I should like to bring in a little history about this. It was before the Ontario Legislature about the beginning of April a Bill on collective bargaining. I should like to read you a clipping from the *Toronto Star* dated March 29th, 1943, which explains the matter.

The labour officials served notice that they could not agree with the clause to exclude from collective bargaining rights such important groups of workers as civic employees, employees of commissions and those of the "learned professions".

This would deny collective bargaining rights to thousands of workers, many of whom are now organized, such as Hydro; T.T.C.; teachers and civil service. Labour will not agree either with the move to exclude plants of 14 employees, or less, from such bargaining rights, it was stated.

When we heard about this we made joint representations, and finally the Hon. Peter Heenan proposed an amendment, and clause 5 was amended. Representations have been made here by labour representatives for compulsory bargaining, and we felt perhaps we might be again included. That is why we are before you to state our unanimous and unalterable objection to being included in any general bargaining agreement. I would also draw your attention to the fact that these professions are already controlled by provincial legislation which has been enacted for that purpose.

Mr. COHEN: What provincial legislation covers chemists?

Dr. LORTIE: There is legislation in Quebec, but it not operative.

Mr. COHEN: As to the rest of Canada, what legislation governs chemists?

Dr. LORTIE: I do not know of any yet.

Mr. COHEN: Then why make the all-inclusive statement that there is no provincial legislation dealing with these professions?

Mr. MACRAE: The Professional Engineers Act in each of the provinces is intended to take care of them. In Quebec they have special legislation; in Ontario they did not want to come in. The chemical engineer has the same kind of training, but he is different from quite a number of chemists.

Mr. COHEN: Can you tell me why the chemist should not have a similar option with respect to compulsory bargaining under the Act? It does not necessarily mean he must come in; it merely says he may come in. There are many chemists in the position of wage earners, despite the fact they may be included in the term "learned profession". Suppose these people do wish to come under a collective bargaining act, do you want to prevent them from doing so?

Mr. MACRAE: We do not want to have these provisions forced upon us under a collective bargaining situation. We want to exercise the right to make a decision for ourselves.

Mr. COHEN: Bricklayers are not forced to include themselves, but if they want to make use of the machinery they can do so.

Mr. LALANDE: There have been submissions here with the view of promoting the closed shop. As I understand it, you do not wish to be covered by a closed shop agreement? Is that not the essence of your submission?

Dr. LORTIE: Yes, and I would add something else.

Mr. COHEN: Is that what it comes down to?

Dr. LORTIE: Yes. We are opposed to forcible inclusion in any general collective bargaining agreement. The Canadian Institute has taken no stand against collective bargaining for professional men where the bargaining concerns a group composed entirely of professional men.

Mr. COHEN: What they object to is being included in some general bargaining agency that would include unskilled and semi-skilled workers. They feel that chemists, for instance, should be represented by a union trained to deal with the particular problems of that employee group?

Dr. LORTIE: That was the position taken by the different associations.

Mr. COHEN: It means that you are objecting to being included in a closed shop agreement?

Mr. LALANDE: I think what you are contending is precisely the principle that is embodied in section 5 of the Ontario Act, which reads as follows:—

A provision in a collective bargaining agreement requiring all or any specified employees of an employer to be members of a specified collective bargaining agency certified pursuant to the provisions of this Act shall not be deemed to be in conflict with, or in contravention of the provisions of this Act, but no such provision shall apply to a member of the learned or scientific professions.

Mr. COHEN: That is what you are contending?

Dr. LORTIE: Yes.

*The national organizations represented by this Committee are unanimously and unalterably opposed to the forcible inclusion of professional men in any compulsory collective bargaining legislation.*

An important fact which we would emphasize is that in these professions are already controlled by provincial legislation which has been enacted for that purpose.

The CHAIRMAN: The key word in the whole thing is "forcible"; that is what you are contending, that you should not be forced into any general agreement?

Dr. LORTIE: Yes. The thing has not arisen in Canada, but it has in the United States.

Similar conditions exist in the United States, and the case of the Shell Development Company and the International Federation of Architects, Engineers, Chemists and Technicians, the National Labour Relations Board of the United States ruled that architects, engineers and



chemists cannot be forced into a heterogeneous bargaining unit sought by a labour union in its negotiations with an employer unless a majority of the professional employees through a vote confined to the professional group express their desire to be included. (Case No. R. 3245).

Mr. COHEN: That deals with what is an appropriate bargaining union. The answer is that you do not elect to be represented by some heterogeneous body; that you as chemists should be separately represented?

Mr. LALANDE: Dr. Lortie can speak for himself, but I can see a distinction between the statement just made by Mr. Cohen and the submission which is now placed before us.

Mr. COHEN: The case you cite from the National Labour Relations Board in the United States was one that dealt merely with the question of an appropriate bargaining unit. They decided in the case of the "unlearned professions," if I may coin a phrase, that as a particular class they have elected to be represented by a heterogeneous committee, the professional class if they so elected were entitled to be dealt with as a separate bargaining union and represented by a committee that would represent their own interests.

Dr. LORTIE: They could choose an appropriate bargaining committee, or not belong at all.

Mr. COHEN: Exactly. They could choose to be part of a complete union and engage in bargaining in conjunction with everybody down to the unskilled worker.

Dr. LORTIE: Yes.

Mr. COHEN: Or could choose to stay out of a bargaining union entirely.

Dr. LORTIE: Yes.

Mr. COHEN: Or they can bargain through a medium set up specifically to deal with their problems.

Dr. LORTIE: Yes.

Mr. COHEN: Those three ways were open?

Dr. LORTIE: Yes. The National Labour Relations Board of the United States held that there should be one committee restricted to the professional group and one restricted to the non-professional group. In fact the professional group chose not to be represented at all.

Mr. COHEN: That is the method adopted there to determine the appropriate bargaining union, whether dealing with a particular craft or with a whole bargaining union.

Dr. LORTIE: There is another incident I would like to cite to you:—

In the matter of the Joseph E. Seagram & Sons Inc. who had a closed shop agreement with the Distillery Workers Union (A.F.L.) and where chemists had been discharged because they had declined to join the union.

That was in 1939 when many chemists and engineers tried to secure employment in any way they could. Joseph Seagram's were pleased to get graduate people, and even their messengers were graduates. From the manager to the last bus boy they were graduates, and most of them agreed to be members of the union.

The American Chemical Society held conferences and exchanged correspondence with the American Federation of Labour. As a result, full agreement and mutual understanding were reached in the following summary by President William Green: "If engineers and chemists perform professional work they should be classified accordingly. If they do production work they must be classified as production workers. . . . It is a hardship and a detriment to production workers to have these

professional workers wrongly classified and displacing bona fide production workers. Since the wrong classification persists, it is obvious that the distillery workers must have some device for protecting themselves and their jobs. An engineer or chemist working in his professional capacity and classified as such would then become a union member only upon his own volition."

There is another here that I should bring to your attention.

In a decision recently handed down by the National Labour Relations Board in the case of General Motors Sales Corp. of Los Angeles, Calif., and the International Union, United Automobile Workers of America (C.I.O.), the board held that an employer can require supervisory employees to relinquish their supervisory status if such employees join a union and insist upon retaining their union membership. Such a requirement in the opinion of the board was not discriminatory where the particular supervisory positions enable employees to interfere with the employer's business when confronted with conflicting loyalties to the employer and to the union in such a way that the employees' impartiality in the performance of work was questionable.

Mr. COHEN: You can go farther than that. The N.L.R.B. said foremen are not covered by the National Labour Relations Act because of that principle.

Dr. LORTIE (reading):

The committee respectfully requests that these representations be favourably considered by the members of your Board or other government bodies when recommending or preparing labour legislation. The committee will be pleased to submit any additional information that may be desired, or to assist in any way that the Board may wish.

The CHAIRMAN: I suppose the proposition you make is that you would be in the same position as the legal department in an industry, if there were such?

Dr. LORTIE: Yes, much the same.

The CHAIRMAN: That is something we can always quite understand.

Mr. MACRAE: The members of this profession do not wish because of any law that might be enacted, to be forcibly brought into any organization or labour set-up. If the Ontario Act had been imposed that would have happened in respect of professional people.

Mr. LALANDE: I take it from the statement made earlier that some of these professional men are members of more than one of these associations. Is the figure of 15,000 all-inclusive? Is there any overlap there?

Dr. LORTIE: No, this figure is quite conservative. In fact if we added the total membership of all the societies represented here it would make 24,000, but since some engineers belong to two or three professional groups, we arrived at the very conservative figure of 15,000.

The CHAIRMAN: Thank you, Dr. Lortie.

Mr. N. F. PARKINSON (Ontario Mining Association): Mr. Chairman and members of the Board, I have a brief prepared by the Ontario Mining Association which I will read to you:—

In the matter of the inquiry instituted by your Board into the various aspects of wages control, labour relations and furtherance of the war effort, all as set out in the announcement of your Chairman at the preliminary hearing in Ottawa on April 15th and 16th, the Ontario Mining Association desires to present a brief setting forth for your consideration—

(a) certain facts respecting the scope and position of the Mining Industry of Ontario and

(b) some considered views and suggestions based on the experience of its members in the operations of the industry in the past and its desire to maintain operating conditions in the future that will in our experience provide for the best interests of the industry and its employees.

As to wages control and the principle of bonus payments based on cost-of-living index, we favourably support this provision as a wartime measure—even though in the precious metal mining industry no provision is available for the passing on the consumer of the increased cost of paying the bonus. The selling price is fixed and increased costs mean diminishing returns to the shareholders in exchange for their only asset—the ore. However, other considerations are considered of more importance at this time, although there is a limit beyond which it is possible to go—and some of these mines have already been forced to close down.

## PART I

### *Regarding the Ontario Mining Industry Generally*

The Ontario Mining Association has as members 52 metal mining companies in the Province of Ontario; these mines comprising as they do practically all the producing base and precious metal mining companies in the province engage at the moment some 26,000 employees.

The value of the production from Ontario metal mines in 1941 was—

All metals (including gold) .....	\$240,000,000
Gold (included in above) .....	\$123,000,000

In comparison the Canada Year Book for 1942 shows—for 1940—

All Metallics produced in Canada .....	\$382,503,012
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The report of the Ontario Workmen's Compensation Board for 1941—the latest year for which figures are available—provides certain statistical information. These figures present a comparison in Ontario as between Mining (including the explosive and abrasive industry) and other industry in the matter of relative size and average wages, as follows:—

	Mining (including explosives)	All other Industry in Schedule 1	% Mining
Wage expenditures on which accidents were assessed in 1941 .....	\$67,422,000	\$838,037,000	8
	Mining (including explosives) \$31.41	Next Highest Group \$28.83	Average for all Groups \$21.69
Average weekly wage in 1940 .....			

It should be noted in connection with these figures:—

1. Employment in many other groups is seasonal, whereas in mining it is 52 weeks in the year.
2. The Board's figures do not take into account any wages or allowances in excess of \$2,000 per annum and approximately 15 per cent of the employees in mines earned in that year in excess of this amount.
3. Since 1940 when these figures apply, wages in mines, as in most other industries, have increased by reason of the cost-of-living bonus.

Ontario mining companies paid the bonus prior to compulsion by law. While no figures are given in the report to indicate the comparative accident frequency in class 5 (mining and explosives) and other groups, an examination of the total compensation paid on account of all types of accidents, bearing in mind that mining is a full time occupation and carries a wage scale on which compensation is paid almost 50 per cent higher than the average of other groups and is included with the



explosives industry for classification purposes, indicates that the hazards in this industry are not out of line with those experienced in most of the industries in the province.

Accident prevention and research have been given very close attention by the Association for many years; large sums of money have been spent in order to avoid and minimize accident and industrial disaster occurrences. In other words the industry recognizes that its welfare is definitely tied up with the welfare and good health of its employees.

### *Production Problems Peculiar to the Mining Industry*

Mining is one of the few industries which depends entirely on a natural product for its existence. In other words no ore means no mine. This statement is subject to some variation in that less ore means smaller mine—and to a still greater extent—ore to-day under certain conditions may not be ore to-morrow under higher costs.

The selling price of gold for example is fixed and the natural inclination of the uninformed public is to infer that all one has to do to be rich is to have a gold mine. It is quite true that once you produce the gold there is no competition in its disposal but it is quite another problem to produce the gold and still make a profit.

It can be readily seen, for example, that in a mine which to-day has a profit margin of 50 cents per ton of ore treated, that if costs go up to 50 cents per ton, not only is it unprofitable to further operate that mine but

- (a) large capital investments are then unrecoverable,
- (b) large tonnages of ore have been converted into unpayable rock and a mineral asset thereby lost,
- (c) the number of jobs available have been substantially reduced,
- (d) the community dependent on the earnings of the employees of the mine and the supply of goods for its needs, is wiped out.

Mining is additionally one of the few if not the only industry that does not take from the public purse by way of subsidies or tariff protection.

### *The Effect of War Conditions*

The war has brought to mining the same problems as affect industry at large but possibly in a more serious form or with more serious consequences involved than are attached to most others.

First of all, lack of manpower—and womanpower cannot fill the gap in underground operations—has affected the production of all mines, particularly the precious metal mines, and a continuation to the present of close-down would have a very serious result. A mine cannot be closed down and allowed to stand and be ready for opening again at will. This can be emphasized by the following:—

- (a) Many mines are in isolated districts where the community depends on their operation for its existence,
- (b) Mines require pumping to keep down water and maintenance timbering to avoid caving. In this connection it should be noted that untreated timber in lower levels and pipe and rails subject to underground and acid waters have a life of only some two years.
- (c) Even in spite of these precautions deterioration of mining equipment and the dilution of orebodies by progressive rock failure underground takes place over an extended period of time.

In addition to all the above it is obvious that depreciation of occupied buildings, either residential or otherwise, is excessive in the mining conditions to which they are exposed.

*Enlisted Employees*

We want to stress to your Board the high percentage of the regular employees of metal mining companies in Ontario that are serving in the Armed Forces.

A survey of 45 producing gold mines in Ontario, as at October 15, 1942, showed 4,914 or 26.7 per cent of the normal 1941 payroll of these mines, actually away in the active services. While no definite figures have been obtained since that time, it is a well known fact that this number has increased—and for estimate purposes 30 per cent would seem to be a conservative figure to use in the circumstances.

Ontario Department of Mines figures show 31,388 employees engaged in metal mining in 1942 and applying this 30 per cent figure to this indicates something over 9,000 mining employees in the armed forces.

These men are deserving of every protection and consideration and their views should be given due weight in the forming of any policy or regulations that would govern or proscribe their activities on their return. Their positions should be very carefully protected, even at the expense of present employees.

## PART II

*Suggestions and Comments*

We come now to your reference as follows:—“*Labour relations generally, with a view particularly to making effective the principles enunciated in P.C. 2685.*”

Since the date of this Order in Council—June, 1940—conditions generally as regards labour troubles have obviously changed. That Order sets out the following—“The development of Canada's war effort has not been hampered to date by the occurrence of any serious labour troubles.” Unfortunately the past year has been a succession of these troubles, and since low wages and bad working conditions have not been the cause—Indeed both have continued to improve—the reason must be looked for in other places.

Perhaps one of the chief causes has been the demand of the larger unions that the governments pass legislation which will compel employers to bargain collectively through them and them only and to the exclusion of the independent company union.

The recent Act as passed in the Province of Ontario being “An Act to Provide for Collective Bargaining” sets out as a definition of “collective bargaining agency” that it “shall mean any trade union or other association of employees which has bargaining collectively amongst its objects, but shall not include any such union or association the administration, management or policy of which is dominated, coerced or improperly influenced by the employer in any manner whether by way of financial aid or otherwise.”

Mr. COHEN: I have heard of the entity “company union” and “independent n” but this is the first time I have met the term “independent company n.”

Mr. PARKINSON: That is put in to emphasize the difference between a company union such as this and a company union mentioned specifically in the Act as a union dominated and improperly influenced. I am quite content to use the term “company union.”

Mr. COHEN: I just wondered why you did not use the term “independent n” without the word “company”.

Mr. PARKINSON: I would be quite content. We deal with the company union a little later in the brief.

Mr. COHEN: You mean confined to a particular enterprise?

Mr. PARKINSON: Yes, quite, although I must say there are so many different kinds of unions now it is difficult to say in a few words what I do mean. I mean the sort of union which deals with the specific operation on which the men are employed. The brief continues:—

There is no attempt here to define in detail which is or is not a proper company union for the carrying on of collective bargaining, nor is there any attempt to point out that a company union not so "dominated, coerced or improperly influenced by the employer", is a fit and proper medium of collective bargaining. The situation created by this lack of support of the company union lends itself to misunderstanding to say the least, and full advantage is immediately taken by certain of the outside unions as instanced for example in the circular distributed in Porcupine recently by the "Timmins Mine & Mill Workers' Union—Local 241"—which contains the following:

"It's the Law—the Boss must

1. Negotiate with a genuine union under the new Ontario Labour Act—

The Boss

cannot

recognize company unions."

I have only two copies of those notices, but I will hand them up.

By inference a "company union" independent or otherwise is not a "genuine union".

Under this heading then, our first representation is that your Board and other government administrative bodies should not be biased against the independent company unions. Over a long period of years they have been developed in the mining industry through various stages of men's committees and real progress in labour relations has resulted, as also in working conditions wages and general welfare.

Mr. COHEN: When you say "over a long period of years" would you mind informing me, as to the Kirkland Lake situation, when they began to develop this type of organization?

Mr. PARKINSON: I cannot tell you as regards Kirkland Lake.

Mr. COHEN: Or Sudbury?

Mr. PARKINSON: At Falconbridge men's committees have been in operation for five, six or seven years.

Mr. COHEN: How about International Nickel?

Mr. PARKINSON: I do not know the situation there. I understand they are putting in a brief on Friday. We have Falconbridge, Malartic and Wetschewan. They have developed the men's committee type of organization.

As to working conditions, the accident rate in 1940 was the best ever experienced in the industry, showing a total of only 63 compensable accidents per 1,000 men employed and even in spite of the necessity of taking on a number of inexperienced men in 1941 due to enlistments of regular employees in the active services, this rate was substantially sustained.

Mine ventilation and all the accessory services for additional comfort and protection during working periods have continued to improve. As to housing, most of the mines once they become established spend large sums in providing better housing for their employees and where it is necessary to improve existing services, have made grants to local hospitals and for recreational facilities.



Many of these things have been brought about following discussions with men's committees and unions and are an indication of the fact that the employer has recognized the right of the employees to have something to say about working conditions and other matters affecting their welfare.

*Reasons for the Continuation and Support of Independent Company Unions*

There is no existing condition in the mining industry to-day that warrants the forcing of something new and untried on employer and employee alike. A real suspicion has been developed in the minds of the employers that the larger collective bargaining agencies have not the ability or perhaps the desire to keep agreements entered into with employers. Everything points to the desirability of improving a development that has already shown satisfactory progress.

The development of independent company unions means that the employer has accepted what might be called the "citizenship theory of labour relations" in that the right of the employees to have something to say about working conditions has already been recognized. Employees also participate in committees on production improvement, complaints, athletic activities and other matters of joint interest to employee and employer. The autocratic control of all these matters disappeared long ago.

There is a strong presumption that developments that have had altogether satisfactory results are worthy of support and attention. Independent company unions lend themselves to negotiating of arrangements satisfactory to all employees of an industry and its management and avoid the urge to set up unions representative of units or crafts within that industry.

Mr. COHEN: You mean specific unions?

Mr. PARKINSON: Yes, avoiding the tendency towards craft union organization.

The CHAIRMAN: I take it you are rather in favour of industrial organization on a vertical plan?

Mr. PARKINSON: Yes. We had quite some experience for a number of years with the union organization in Norway. We were operating a refinery. There were no craft unions as such. We had one union representing the whole industry.

The CHAIRMAN: Both Norway and Sweden have gone through the whole thing.

Mr. PARKINSON: The workers were represented in their union organization but dealt with us as a whole group of union employees.

If it is necessary to negotiate multiple agreements covering working conditions and wages of a number of groups in industry it is quite obvious that these agreements and their negotiation may well each and separately be the cause of, first, inequalities, and second, disputes, any one of which can upset arrangements previously made with other groups with the end result that a small group can be responsible for throwing out of work a great majority of the employees who are otherwise satisfied.

Many advantages are to be had in discussing working conditions in any mine with those most familiar and most interested in same, namely, the employees in that mine.

Mr. COHEN: I suppose there was some reason that impelled the various employers in the mining industry to constitute themselves into the Ontario Mining Association?

Mr. PARKINSON: It was formed twenty years ago. It has never until recently engaged itself in labour relations.

Mr. COHEN: There must have been some over-all industrial interests.

Mr. PARKINSON: Yes, the Ontario Mining Act was changing and the government approached this Association and asked us to co-operate with them in drawing up the new Act.

Mr. COHEN: Then in dealing with the problem it was found efficacious to constitute the Ontario Mining Association as an advisor and deal through that body?

Mr. PARKINSON: Yes.

Mr. COHEN: Is there any reason why the workers in that industry should not be able to do so?

Mr. PARKINSON: None at all.

Mr. COHEN: You suggest they should be broken up, each one to deal with the enterprise in which they are employed?

Mr. PARKINSON: I am putting forward in this brief no objection to collective bargaining with our own employees. Our criticism of collective bargaining unions has been based on the performance of these unions more than anything else. The fact is as I set out later that the interests of these unions is not always along the same line as the interests of the employees they are representing. The Ontario Mining Association is not looking for working conditions for mining as a whole; we are there as much as a service to the government in the interests of uniformity as anything else. We have some fifty-two mines operating in Ontario, some small and some large. So far as labour relations are concerned it is only recently that we have made any attempt to know what is going on.

The CHAIRMAN: I suppose the American Federation of Labour and the C.I.O., aside from their constituted unions, are a centralized body for propaganda and legislative purposes. They have been so described to me on more than one occasion.

Mr. PARKINSON: I presume so.

Mr. LALANDE: If I understand what has been read so far, I think your proposition is simply that the establishment of company unions should not necessarily be discouraged by legislation.

Mr. PARKINSON: Exactly. We think that any sudden change-over to a new method of labour organization at this time is not to the advantage of the workers or of industry. We would prefer to see the thing evolve as a matter of natural development rather than by speeding it up through the implementation of some of the legislation that is being put forward at the present time.

The CHAIRMAN: Suppose the workers themselves think it is in their interests?

Mr. PARKINSON: There may be other developments. As we say, in European countries the employer is also forced into an organization. We cannot stop the way of progress; if it is coming then it is coming, but we would prefer to see it come as a gradual process rather than by the other type of union as we have it at the present time.

Mr. COHEN: You seem to be here as a collective organization of employers suggesting that an organization of employees should be restricted.

Mr. PARKINSON: No, we have no collective organization of employers in the mines.

Mr. COHEN: You have the Ontario Mining Association making a representation as to what should be the trade union status or methods of organization of the workers.

Mr. PARKINSON: We present to you our views. We are not objecting to collective bargaining agencies.

Mr. COHEN: You are suggesting what should be done by your emphasis on independent company unions.

Mr. PARKINSON: That is right.

Mr. COHEN: The suggestion of the Ontario Mining Association that unions should not operate as centralized bodies but should operate as independent company unions appears to be an anomaly.

Mr. PARKINSON: I do not think it should be taken that way. What we have in mind is this. So far as the employees are concerned we have had some thirty-five or forty years' experience in operating these mines with our men and we have seen developments taking place along labour lines, some good and some bad, most of them good. On the basis of that experience we are making representations to you in favour of continuing support for the company union, the independent company union or whatever you wish to call it. We do not want a sudden change-over to a complete encroachment by this larger outside-dominated union, because our employees have had experience with these unions and we would rather see that kind of thing come gradually. We are not opposing it. If we are to have a large central union dominated by other companies there is nothing to do about it, but we feel that is the wrong route at the present time.

The brief continues:—

#### *Reasons Against the Breaking Down of Company Unions*

The interests of large so-called central unions lend themselves to sacrifices of the interests of the employees in any industry in order to build up strength of the central union. The central union interest may be concerned primarily with the political aspirations of union bosses, and may quite well foster sympathetic strikes.

A large union is not necessarily interested in building up a good small industry.

An outside organization tends to break down the sentimental bond of attachment between the employee and the employer and the employer is placed in a position of protecting his industry rather than attempting, within limits of that industry, to improve the conditions under which his employees work.

The demands of a large union controlled as to policy from outside Canada may quite well bring to bear other conditions than those applying to the industry itself. For example, the national economic welfare may be affected in the event of demands having to be met which although not unreasonable in the country in which they originate, would place this country's products in an impossible position to meet world competition. The Atlantic Charter points to free trade after the war and Canada must be in a position to protect its export business at all times, if its export industries are to survive.

Mr. COHEN: Are you able to tell us to what extent the mining industry is owned and controlled by interests outside of Canada?

Mr. PARKINSON: Not as a whole, but I can tell you about individual companies. Falconbridge is 96 per cent Canadian owned. Some of the older mines I know have quite a considerable number of shares owned in the United States, and others in Great Britain, if they still own them. The shareholders are pretty widespread.



Mr. COHEN: You mean in and out of Canada?

Mr. PARKINSON: Yes.

Mr. COHEN: It has been suggested somewhere that the majority of the directors of the mining companies are non-residents of Canada.

Mr. PARKINSON: I cannot answer that. I can get the information, but I would feel pretty certain that the majority of them are Canadians resident in Canada. I know in Cobalt in 1906 or 1907 we had practically no mining engineers, and practically no mining capital in this country. It was practically all American; that is the way Cobalt was developed. Before it closed down most of the services were Canadian and a good many of the shareholders were Canadians.

Under present conditions facilities for recreation and added comfort are naturally provided as mines develop and grow. Under a larger union idea the tendency is to work to uniformity in working conditions and extra benefits throughout the whole industry. Since most of the early mining operations could not afford or support many of these added features the result might well be that even the larger mines might be constrained from providing them in the interests of the industry at large—and the employees would be denied these extra benefits.

The CHAIRMAN: Do you think that necessarily follows? I think you have had experience in Norway yourself.

Mr. PARKINSON: Yes.

The CHAIRMAN: There you have, unless my information is wrong, and I do not think it is, a body composed of employer's associations dealing with a body composed of employees' associations.

Mr. PARKINSON: Yes.

The CHAIRMAN: They run throughout the same industry?

Mr. PARKINSON: Yes.

The CHAIRMAN: Does this tendency to which you refer make itself apparent there? If my understanding is correct they are given different zones as to cost of living and they take into consideration the value of the individual contract. The national interests as to costs, exportation problems and so on, are mutually considered.

Mr. PARKINSON: I know of at least one occasion, on the basis of the conditions of the export market, on which the wages were reduced in Norway.

The CHAIRMAN: There is the question of ability to pay.

Mr. PARKINSON: Yes, and meeting outside competition.

The CHAIRMAN: Your brief seems rather to point to the proposition that inevitably when you have union organization in industry the result is that wages are going to be brought up to the same level.

Mr. PARKINSON: Within that industry.

The CHAIRMAN: And smaller mines will have to go out of business. That has not happened in Norway or Sweden.

Mr. PARKINSON: No; what I am trying to get at is that in a completely organized industry your hours and wages are set.

The CHAIRMAN: Not the wages?

Mr. PARKINSON: Within the industry.

The CHAIRMAN: No; it depends on location and a lot of things, does it not?

Mr. PARKINSON: I would not like to answer that too precipitately.

The CHAIRMAN: For example, if you take Sweden, in the Stockholm area the wage is higher than it is in the other six zones.

Mr. PARKINSON: I am sorry; my instruction was that our wages were set in Norway without variation as to district. The base rate was set, and following on that base rate the different groups have different rates each set up from the base rate. I am not aware of any change in so far as the territory is concerned. The point I am making is that in mining, which is an uncertain industry and so the least established, if at the start the operator is faced with certain conditions he has then to judge whether he can open the mine, or see how he can get his money back. If he cannot get his money back, he is not going to open up the mine. The small mine is naturally affected by such things, and mining wages in Ontario are pretty uniform. When some of the earlier mines were getting started there was a tendency for the men to work for lower wages than were being paid in some others, on the understanding that if the mine progressed they would get higher wages. It has existed in the past.

Mr. COHEN: You do not have to go as far as Sweden. I do not want to cut across the path taken by the Chairman, but in Ontario you have an industry manufacturing men's clothing in Toronto one hundred per cent organized as a closed shop, and it has been so organized for a period of at least twenty-five years.

Mr. PARKINSON: Yes.

Mr. COHEN: Incidentally if you examine their record during the time of the depression you will find that the very fact that the industry was organized into one unit having control over the whole situation in this province and to a great extent in the Province of Quebec, enabled that union to take the lead during the depression in bringing wages down because they did so in the interest of the industry. The Amalgamated Clothing Workers played a constructive role in bringing the wages down to enable the industry to survive the depression period. You have further examples of workers through their own bank financing the employer and enabling him to get over the emergency.

Mr. PARKINSON: I am sorry I am not familiar with that. I know there has been a closed shop there for many years.

Mr. COHEN: I have dealt with documents from which it appeared that companies would have been snuffed out had they not been assisted by the union bank. If the union was divided into a number of small shop unions you would have nobody to deal with; the employer would have to go to the jungle, if I may use that term. That might prevail in other industry. You would have to give it its natural scope.

Mr. PARKINSON: I know there is a closed shop in the clothing industry, and not only there but in certain others.

Mr. LALANDE: You are speaking for the Ontario Mining Association and of the situation as it presents itself to you to-day?

Mr. PARKINSON: Yes.

Mr. COHEN: From your experience?

Mr. PARKINSON: Yes.

Mr. COHEN: Or lack of experience?

Mr. PARKINSON: Yes, or lack of experience—fortunately lack of it in most cases. We have had very little trouble so far.

If the government goes to the extent of throwing out developments already well under way for something new and untried, no success can be foreseen except under virtual dictatorship. Furthermore, we feel very strongly that this whole question can be best approached by considering the interests of the employees and the employers or industry as one, rather than concluding that it is desirable and indeed necessary that there should always be two camps as it were to perpetuate a war by separate, distinct and constantly differing interests.

*Our Second Reference has to do with the Closed Shop*

The closed shop sets up a monopoly in so far as the availability of jobs and the right to work is concerned and denies freedom to the individual.

It assumes that only workmen who are union members are efficient and denies to the employer the right to properly recognize skill and ability and so to reduce his costs.

It forces on overseas employees who will eventually be returning to their jobs in large numbers, conditions that are adverse to the principles for which they are fighting and sacrificing their lives to maintain. It is inconceivable that such men should be forced to join unions or any associations and pay fees against their will before they can get a job.

If unions are to fill a desirable place in the economic life of the country they should stand on their own feet and rely on their acts to appeal to the workmen for membership rather than use their position to coerce or force an employee to join their ranks and pay their fees and such additional assessments as may be arbitrarily fixed, in order to get or maintain his job. No employer should be compelled to conspire with any organization in order to assist that organization or union to establish itself in a monopoly position.

*Our Third Representation has to do with the Sanctity of Agreements*

Nothing that we have set out is to be construed in any way as argument against collective bargaining as such, but we do want to impress upon your Board that the experience of industry at large with many of the collective bargaining agencies to date has not been good and that agreements with those agencies in the past have not, in many instances, been lived up to by them. Indeed the agreements so called have been pretty much of a farce and have simply been used as a stepping stone for later attacks regardless of the conditions set out.

Mr. COHEN: Speaking in terms of the mining industry, what are these agreements you speak of?

Mr. PARKINSON: That is simply a matter of public information.

Mr. COHEN: It is something, at any rate, that does not apply to mining.

Mr. PARKINSON: No, that is not our experience; we have had no such experience.

Agreements entered into after collective bargaining with the direct employees of a single industry, where conditions are fully understood on both sides and personnel involved have at least some mutual interests, are on an entirely different basis than those negotiated with larger unions. Here, as previously indicated, interests may not coincide with those of the employees and the question naturally arises, can there be any proper agreement when only one party is responsible and when only one party can be held liable and can be penalized under the law if the bargain is broken. The obvious cure for the fear that has been developed in the mind of the employer and for the inequality that presently exists is to provide that both parties to agreements should be made responsible. Having taken this step penalties could be exacted either financially or by suspension of bargaining rights, to compel the parties to live up to the agreement.

We come now to your fourth reference as follows—

*Any other matters, specific or general, relating to the above and to the furtherance of the war effort*

The furtherance of the war effort, as far as mining is concerned, involves two considerations:

1. The provision of the best possible working conditions in strategic metal mines for the war period—and this subject has been dealt with in our references under your No. 3 above.



2. The assurance that all mines will be able to do their utmost to assist in the re-establishment problem that will face Canada on the cessation of hostilities.

It is quite possible that there will be some diminution of demand for base metals immediately the war production for munitions ceases. There will no doubt be some almost immediate increase required for replenishing the supply of motor cars, household equipment and construction supplies in Canada. The big demand however will exist in the reconstruction demands for the war-torn countries and if Canada is to get her share of this foreign market, her ability to work her mines and industries in competition with those in other countries, must be guarded. The setting of labour policy by foreign controlled unions, which of necessity are primarily interested in their own domestic problems, would seem to be a dangerous and imprudent step in the circumstances.

As to precious metal mines, a considerable diminution in activity has already been brought about under the government policy existing during the past two years. At the commencement of the war Canada needed foreign exchange to provide the necessary purchasing power for munitions and the gold production of the country speeded up as a result of government demand. Pearl Harbour, Lease Lend and the Hyde Park Agreement however changed this—in that the United States had plenty of gold for the time being and being herself now in the war was more interested in war supplies.

As a result employment in Ontario gold mines dropped from 20,406 as at April 1941 to 15,160 as at October 1942, a reduction of 5,276 or 25 per cent and has continued to drop since then, indeed a number of smaller mines have been forced to shut down, at least for the duration, and some will perhaps never open up again.

Mr. COHEN: You are referring to the number of employees there?

Mr. PARKINSON: Yes, employees.

It has been pointed out previously that the closing down of an operating mine is a serious step; it should also be emphasized that the reopening of a mine so closed down is an expensive and difficult step to take, and one that creates a great risk for capital in the case of such a mine without proven ore reserves sufficient to guarantee at least a return of that capital. A mine may continue to operate under conditions such that it is returning just about dollar for dollar but if this is their only assured outlook it can be readily seen that the risk involved in spending large capital sums to get it operating is too great to be attractive; on the other hand a mine that is so operating always has a chance of developing orebodies or an indication of orebodies, as a result of its operations underground.

The point to be made is that as a re-establishment measure, every effort should be made to keep all our gold mines operating so that immediately the demand for gold again arises after the war—which it will do—the maximum expansion can be assured, thus providing jobs for the greatest possible number. The drop in employment already experienced in gold mines is just about equal to the number of miners now in the armed services, but it may be there will also be a surplus of miners in the base metal mines to take care of.

Any policy the government may adopt which will allow profitable operation of increased quantities of low grade ore, will provide additional employment and thus assist in the re-establishment problem.

Finally the Ontario Mining Association is persuaded that recent labour disturbances, the type of legislation that has been recently enacted and is being talked about and the government's hesitant attitude in dealing with illegal strikes, have all contributed to produce an uncertainty in the minds of otherwise satisfied workers. Additionally these are things on which the agitator thrives and his efforts contribute to the unrest.

It is obvious to mine management that the men who are loudest in their clamour for the introduction of outside collective bargaining agencies are those who have been taken on in recent years, either to meet the demand for increased production or to replace regular miners who have gone into the armed forces. In the natural course of events they—because of their short experience and because of the prior claims of the returning sailors and soldiers—will be the first to be let out after the war.

This Board can help to rectify the situation by publicity of a kind that will give the generally satisfied and patriotic Canadian workmen an assurance that the government not only does not intend to assist any group to break down the existing satisfactory relationships but encourages the settling of labour disputes and misunderstandings between the employees and their own employers.

All of which is respectfully submitted.

The CHAIRMAN: Thank you, Mr. Parkinson.

Mr. E. J. YOUNG: Mr. Chairman, I have prepared the following brief for presentation to you.

I am appearing before your Board in the capacity of a private citizen of Canada, and my only concern in these matters is that we have good legislation wisely enforced.

It is the declared policy of the government to use every means in its power to prevent inflation. For this purpose it has appointed the War-time Prices and Trade Board to keep prices down; and has given that Board very extensive powers. Since it is impossible to control prices without controlling costs, it has been found necessary to exercise arbitrary power over costs. The largest cost item in the production and distribution of goods is wages. Speaking broadly, about 85 per cent of the price the consumer pays for goods goes to pay for labour. This being the case, the government has found it necessary to freeze wages along with prices.

But, in order that the freezing of wages may not unduly depress the living standards of the lower paid workers, provision has been made for wage adjustments and cost of living bonuses, where such are found to be necessary.

Your Board has been appointed to carry out the government wage policy. I take it, therefore, that it is the aim of your Board:—

1. To prevent wage increases that might lead to inflation;
2. To make such wage adjustments as are necessary to prevent any class from suffering unduly because of the wage policy;
3. To leave the way open for a return to a free economy when the emergency is over.

### *Standard of Living*

If we are to have an all-out war effort, if half or more than half of our production is to be diverted to war purposes, it follows that there will be less goods available for civilian consumption, and the standard of living of the people as a whole will be lowered. Our standard of living

is determined not by the money we can spend, but by the goods and services we can buy. At present, not more than half the goods we produce are available for civilian consumption. As long as the war lasts we intend this condition to continue. We intend to devote everything possible to the winning of the war, and to keep for ourselves only what is necessary to sustain life and health. It follows then that so long as we adhere to this policy, no increase in money wages can raise the general standard of living in Canada.

Your Board has the power and, on occasion, it may have the duty to raise the wages and the living standard of a particular group or class. But when you do so, it will be done by lowering the living standards of other people. This being the case, the only justification for wage increases during the war must be that the wages you intend to raise are unduly low, as compared with what other groups or classes received. Wage increases to the better paid workers cannot be justified, so long as we are putting everything possible into the war effort.

Such wage adjustments as are mentioned in the preceding paragraph, that is, adjustments in favour of the lower paid workers, could not be brought about by the ordinary process of bargaining. These poorly paid workers are poorly paid because they have always been in a weak bargaining position, and further bargaining, under war conditions, would probably widen the gap between what they receive and what is paid to other classes. Their adjustments will have to come by order of the controlling agency. (That is your Board.)

### *Post-War Wage Structure*

When the war is over, if we are to have full employment in Canada, wages will have to be related to the prices the world will pay for our export products. This makes it imperative that we do not saddle ourselves now with a wage structure that cannot be readily adjusted to meet changed conditions. For these reasons we should leave the basic wage rates pretty much as they are, and use the cost of living bonus to make any necessary adjustments.

As more and more of our national production is diverted to war uses, there will be less and less available for civilian consumption. Under such circumstances, to try to maintain our present standard of living by raising everybody's wages every time the cost of living goes up would be futile and could lead only to inflation. The wiser course would be to confine future increases in the cost of living bonus, to the lower paid workers.

In cases where individuals have more than average family responsibilities, and the earnings are not sufficient to provide for the family, it might be better to grant a family allowance, rather than attempt to meet the situation by increasing wage rates.

### *Exchangeability of Labour*

Long ago Adam Smith pointed out the advantage of the division of labour in increasing production. The process of dividing and subdividing labour has been carried much further to-day than in the days of Adam Smith; and our ability to produce has increased accordingly. But the division of labour necessarily implies the exchange of its products.

Because of the division of labour and the exchange of products, the world to-day is able to sustain many times the population and on a much higher standard than was possible when every household was a self contained establishment.



But the advantage of the division of labour depends absolutely on the exchange of its products. If anything should obstruct or interfere with that exchange, the division of labour might become a thing of evil, rather than a blessing. In the modern state, when a condition arises under which men cannot exchange their labour or its products, the sure result is unemployment. If the builder insists on several days of the farmer's labour in exchange for one of his own, he makes it impossible for the farmer to exchange labour with him and he will find himself unemployed, because the farmer cannot afford to hire him.

For the last twenty-five years inequities have been developing in our economy that have seriously impaired the exchangeability of labour, and have forced large sections of our people out of the market for goods. This was the principal reason why we found it so hard to get out of the recent depression.

### *The Functional Wage*

The best wage for any class of workers is what has been called a "functional wage", that is a wage so related to the earnings of all other classes that it will be possible for all classes in the country to buy the goods and services produced by all other classes. Such a wage would increase employment because it would enable more people to buy the products of labour. It would raise the real wages of the whole people because, with more people at work, it would create more of the real wealth out of which all wages are paid. The best service that can be rendered to labour is to restore its exchangeability.

A functional wage cannot be determined by any official or by any board. The only institution capable of arriving at such a wage is the open market. Under a controlled economy, such as is necessary in war time, the market is not free to function. A truly functional wage, therefore, cannot be expected while the war lasts. It should be the aim, however, to get back to a free economy as soon as possible after the emergency is over. To that end, all orders governing wages during the emergency, should be in such form that they can easily be rescinded when conditions make it necessary.

### *Urban Wages and the Farmer*

Wage increases in urban industry affect the farmer in two ways. They increase the prices of the things he has to buy, and they increase the wages he has to pay his hired help. The farmer is in no position to absorb higher production costs; and if we continue raising industrial wage rates, we will find it necessary to raise farm prices in order to keep the farmer in business. But higher farm prices mean higher living costs and a demand for further wage increases. Since the Wartime Prices and Trade Board is charged with the duty of warding off inflation, should not that Board have control over all forces that might lead to inflation? Should not all proposals to increase wage rates or cost of living bonus be subject to the approval of the Wartime Prices and Trade Board?

In my opinion it would be a grave mistake to attempt to equalize wages throughout Canada. Not all sections of our country are equally favoured by nature. Some sections have natural advantages that make it possible for them to produce and market goods at a very low cost. Other sections have so few natural advantages that the only way their people can keep any industries going is to make up for nature's parsimony by putting more of their own effort into their work—that is by taking lower wages. To compel such districts to pay the same wages as their more fortunate competitors would be to condemn their industries to extinction and their people to hopeless poverty.

*Security Depends on Employment*

The fear that haunts the workingman all his days is the fear of unemployment. His greatest boon is a steady job. That is what he has in mind when he asks for security. But security for our workers depends on there being enough jobs to go around, that is, on full employment. Full employment depends on the ability of our industries to compete with all comers. This is particularly true of a country as dependent as Canada is on the export market. We do not know what kind of world we will have to face when the war is over. It is more than likely to be highly competitive. We will have to compete with the cheap labour of other countries. Ability to meet that kind of competition depends largely on modern equipment and up to date methods. Much of our industrial plant will be obsolete. To bring it up to date will require large liquid reserves. Industry cannot build up reserves if we insist on eating the seed corn, that is, on consuming all the wealth we produce as fast as we produce it. In its own interests labour should insist on industry building up large reserves to modernize its plant and carry it over the transition period. The same thrift and self-denial that prompted our fathers to lay by something for a rainy day is still necessary in the modern industrial world. Without it we invite disaster.

*The Worker's Basic Rights*

In dealing with labour problems, care should be taken to safeguard the basic rights of the worker. Among those rights are the right of every man:—

1. To sell his labour to whoever is willing to buy it.
2. To bargain with his employer collectively or otherwise, as is his choice.
3. To join the union of his choice, or to refrain from joining, if he so desires.
4. To collect his full wage when he has earned it. The closed shop and the check-off which would deprive men of these basic rights should be forbidden by law.

The right to strike is one of the fundamental rights of labour; and I would hesitate to deprive it of that right, even in war time. But the right to strike should never carry with it the right to break the law. Strikers should be told clearly what they may and may not do, and those who violate the law should be punished.

Picketing should be controlled and the pickets licensed. Only sufficient licences should be issued to the legitimate work of picketing. Mass picketing should not be allowed.

Trade unions should be required to live up to their agreements the same as any other organization. Unions that cannot control their members, and that violate their agreements or allow their members to violate them should be declared incompetent and be denied the right to picket.

In the event, however, of a change in conditions which would make the terms of an agreement unduly burdensome to the workers, they should have the right to appeal to your Board for permission to reopen negotiations.

I am not impressed with the necessity of having representatives of labour or of employers on all boards. It is more important to have men of understanding and a lively interest in the public welfare.

*Rules for Collective Bargaining*

Your Board has been asked to do something to promote collective bargaining. Collective bargaining is a good thing. It is a source of strength to the employee and a great convenience to the employer. But, like most good things in this world, collective bargaining can be abused. Any legislation dealing with collective bargaining should be designed to prevent abuses. If employers and employees get together to bargain collectively, and in the bargaining they agree to mulct the consuming public, or to infringe the rights of other workers, or of their own members, collective bargaining can become a curse.

The following are suggested as rules under which collective bargaining may be carried on:—

1. Employees shall be free to bargain collectively or individually, according to their choice.
2. A collective bargaining agency, organized for the purpose, shall have power to bargain for all its members.
3. No compulsion of any kind may be exerted to make any one join a union, or to prevent any one from joining a union.
4. The constitution of a collective bargaining agency shall state clearly what matters the agency may bargain about.
5. Membership in a collective bargaining agency shall not be a condition of employment in any plant or industry.
6. Bargaining for a closed shop is forbidden.
7. Bargaining for a check-off is forbidden.
8. No collective bargain shall be made that is contrary to the public interest, or to the provisions of any law or statute of the Dominion of Canada or of any province in which the bargain is effective.
9. Every collective bargaining agency that collects fees from its members shall send to each member an annual report of the activities and the finances of the organization, and shall hold an annual meeting of its members, to consider the report and to elect officers.
10. Every collective bargaining agency shall live up to its contracts and shall require its members to do the same.

The same is respectfully submitted.

The CHAIRMAN: Thank you very much, Mr. Young.

Hearing adjourned until 2.30 p.m.

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Pursuant to adjournment the hearing was resumed at 2.30 p.m.

The CHAIRMAN: Mr. Rowley, may we have your brief now?

Mr. R. K. ROWLEY (United Textile Workers of America): Mr. Chairman, before proceeding I would like to draw the attention of the Board to the fact that I have here with me Mr. Elazear Lapierre, President of the Huntingdon local, United Textile Workers of America; Mr. Trefle Leduc, President of the Valleyfield local; Mr. Alfred Gendron, representing the Montreal local; Mr. Francois Dessureault, representing the Huntingdon local; Mr. A. Beaucage, President of the Montreal local, and Mlle. Madeleine Parent, Montreal organizer of the United Textile Workers of America. I myself am Canadian representative of the U. T. W. of A. I asked them here in case there were any questions you would like to ask them. Shall I proceed?

The CHAIRMAN: Yes, please.



Mr. ROWLEY,—

In presenting this statement to the National War Labour Board, we would like at the outset to express our appreciation of the forthright courage shown by yourself, Mr. Chairman, and your associate in launching an inquiry into the most burning domestic issue of the nation to-day. We sincerely trust that your efforts will not be in vain, but that out of this inquiry will come fruitful recommendations that will be given legal effect and force by those departments of the government concerned.

It was in this hope that our organization, on behalf of the textile workers of Quebec whom we represent, decided to avail ourselves of the opportunity of drawing to your attention certain conditions and certain views that to our mind require immediate action.

*The Industry—and Quebec*

We are speaking to-day particularly for the textile workers of the Province of Quebec, because it is there most especially that the economic and social problem merges with the political problem of winning the war. You must be aware that the textile industry, of all old mass production industries in our province, more than any other bespeaks the true conditions of Quebec labour. Textiles is a large and old industry for us, embracing many thousands of workers in peace-time as well as in war-time and spread far and wide throughout our province.

Mr. LALANDE: Do you state in your brief the number of employees in the textile industry in Quebec?

Mr. ROWLEY: No, but it is approximately 45,000.

Mr. COHEN: Do you know how that number is distributed between men and women?

Mr. ROWLEY: About 40 per cent women in the cotton mills. I think there is a lower percentage of women in the woollen mills; I would say from 40 to 50 per cent women.

From the little textile town of St. Gregoire-de-Montmorency below Quebec to the cosmopolitan city of Montreal, from Three Rivers to Sherbrooke, from Huntingdon to St. Jerome—textiles has wide and often dominant effect upon the economic life of our people. More particularly is this so because of the character of the industry, a mass production industry with a great deal of semi-skilled labour where men and women work side by side in almost all operations and where youths, really often children of fourteen and fifteen years, can begin their working lives. There are towns and cities, such as Valleyfield and Three Rivers, where whole families work together in the mills, father and mother, children and cousins, grandfathers and granddaughters, to an extent not found in other pursuits. Their lives revolve around the mills, an expression exceedingly apt when you consider the prevailing ten, twelve and thirteen-hour shifts—and the economic conditions established by the mills set the economic level of existence of whole families and whole communities.

The CHAIRMAN: I wonder if you would develop that.

Mr. ROWLEY: I do so a little further on in the brief.

Viewed as a social problem, the interest of the nation surely lies in establishing as high an economic level amongst the tens of thousands who are bone and blood of textiles as is feasible with the productive capacity of the industry and the availability of a market for our produce. Whilst the employer's basic right and interest must not be forgotten, it must not be allowed to ride roughshod as in the past over the social welfare of this great section of our people. In an examination of this industry, such as that of the famous Turgeon Inquiry, you will find

support for the oft-repeated charge that our people in Quebec have lived and worked under conditions economically inferior to the rest of Canada. Just so long as these conditions prevail, just so long will it be impossible to speak of true national unity. A real unity is a unity of equality—and it is in the conditions of such an industry as textiles that you will find the basic cause of antagonisms on the national scene, conditions that lend themselves readily to the unscrupulous voice of the demagogue.

It is with the above in mind that we are asking you to give serious consideration to our remarks and recommendations—in order that adequate steps may be taken to right a grave injustice.

### *Conditions in Textiles*

Textiles is an industry in which slight attention is paid to the worth of labour. This, no doubt, is considerably due to the high incidence of unskilled and semi-skilled labour, performed by women, girls and young men or boys. There is a high turnover particularly in the lower-skilled operations and even in the higher-skilled little attention or training is given the workers. It goes without saying that such a condition, for which we do not hold any particular company responsible, has an adverse effect on the productiveness of the industry.

But whereas in other established industries or trades certain fundamental conditions of employment are taken for granted, such as personal consideration, health requirements, steady employment, training, apprenticeship, pension funds, etc., these things are absent in a large degree in textiles.

Mr. COHEN: What do you mean by personal consideration?

Mr. ROWLEY: I mean a more careful consideration of the persons by those immediately supervising them. I could give examples of employees who became ill on account of the conditions of work and who present certificates from a doctor to say that they should lay off or have a change of work, and they are told to work or get out.

Mr. COHEN: You mean a sympathetic understanding of the problems arising out of their work?

Mr. ROWLEY: Yes.

Mr. LALANDE: Have you personal experience as an employee in a textile mill?

Mr. ROWLEY: No.

Mr. LALANDE: You have never actually worked in a textile mill?

Mr. ROWLEY: No.

An examination of the situation will show that the employer's basic idea is to get the maximum production in the minimum of time; and the effect upon the health or general well-being of the worker is forgotten. Actually, proper productiveness in the operation of the machines in textile mills requires skill just as in other industries—and requires training. This could be instanced by showing workers side by side on the same type of machine, working on a piece-work basis, with the older worker who has trained himself the hard way, making at least double the income of the younger who has not yet had time to "pick up the trade" in the haphazard textile manner. The fact that both can actually operate the machine, though with greatly varying degrees of efficiency, induces the employer to neglect his labour.

A great problem of the industry is the constant speedup of operations. Employers may sometimes show where wages have been increased, for example, since the war. But they often neglect to point to the increased labour. We have knowledge of weavers who have worked for fifteen years on a certain type of cotton with thirty-four looms to handle, for a period of five years they were increased to forty-five looms, and now to fifty-two looms per weaver. The slight speeding up of a shaft here and there may be a great deal of difference in the intensity of labour.

Significant, however, of textiles is the long hours. Where in most industries to-day the eight-hour day is recognized, it is practically unheard of in Quebec textiles.

Mr. LALANDE: On that point, is there any provincial legislation dealing with the number of hours of work?

Mr. ROWLEY: Yes, there is the ordinance of the Fair Wage Board. They have for example a man working in a boiler house, and a night watchman, working seventy-two hours a week with overtime payments, but with the great majority there will be ten hours in a day and twelve or thirteen hours in the carding or spinning department. According to the present regulations a person may work for twelve hours on Monday and maybe nine hours on Tuesday, but he is not paid overtime until after he has worked a forty-eight hour week, unless in a single day he works fourteen hours.

Mr. LALANDE: Is that provided in the fair wage ordinance?

Mr. ROWLEY: Yes, No. 8.

Mr. COHEN: That is, the overtime rate commences only after a shift of fourteen hours?

Mr. ROWLEY: Yes.

The CHAIRMAN: Or after a forty-eight hour week?

Mr. ROWLEY: Yes.

The CHAIRMAN: How do you add that up where the employees work twelve hours a day for a five day week? Are they working part time?

Mr. ROWLEY: They work five days a week. In Montreal Cottons or the Dominion Textiles they generally work a five day week.

Mr. COHEN: The punitive overtime rate per day does not necessarily mean a punitive overtime per week. You may have a punitive overtime rate after forty-eight hours and still have a punitive rate in one day irrespective of whether you work the weekly hours or not. I understand you to say that in respect to this particular industry the punitive overtime rate does not begin to operate until fourteen hours in one day have been worked?

Mr. ROWLEY: Yes. In other words it does not generally operate, because the mills usually work on a two-shift basis.

Mr. COHEN: It would allow forty-eight hours to be worked in four days. The worker who did not work over forty-eight hours would not be entitled to overtime, and yet he has been working twelve hours a day—that is, if the overtime is based on a weekly calculation?

Mr. ROWLEY: That is correct.

Mr. LALANDE: Would you say that what you are describing now is general throughout the province?

Mr. ROWLEY: In cotton textiles, yes.

Mr. LALANDE: Cotton textiles?

Mr. ROWLEY: Generally speaking throughout all the textiles, but in cotton particularly, it being the largest in the province.



Mr. COHEN: Is there any minimum wage?

Mr. ROWLEY: It is in effect, twenty cents an hour.

Mr. COHEN: Is that for an adult male?

Mr. ROWLEY: Yes, they did establish certain classifications, A, B and C, in which there was supposed to be a certain percentage in category A at 42 cents an hour, category B at 32 cents an hour, and category C the lowest.

Mr. COHEN: What was the minimum?

Mr. ROWLEY: That is supposed to be the minimum in each classification. It leaves it to the employers to decide.

Mr. COHEN: What is the minimum?

Mr. ROWLEY: Twenty cents an hour, so far as I can judge.

Mr. LALANDE: It is ordinance No. 8 of the Fair Wage Board?

Mr. ROWLEY: Yes.

Mr. LALANDE: We can refer to it.

Mr. ROWLEY: Yes.

Day shifts of ten hours, night shifts of twelve or thirteen without pause for meals, are very common. Men and women who work regularly fourteen and fifteen hours per day are also to be found in considerable numbers. And though the law states that none under eighteen years of age should work on night shifts, many are the youngsters of fifteen and sixteen who have performed and still perform their thirteen-hour shift at night.

Mr. COHEN: What is the law with regard to age?

Mr. ROWLEY: None under eighteen.

Mr. LALANDE: Is that still Fair Wage Ordinance No. 8?

Mr. ROWLEY: That is separate provincial legislation—none under sixteen on the day shift and none under eighteen on the night shift. I should have added in justification of the company that the practice followed is that employees when they appear to be young are required to produce their birth certificates, but it is common knowledge that birth certificates are very easily changed.

Mr. COHEN: That was gone into in Ontario. There has been an investigation into most of the things referred to here.

Mr. ROWLEY: Under the Turgeon inquiry.

Mr. COHEN: Is there anything in that factory act that you spoke of that restricts the employment of women after certain hours?

Mr. ROWLEY: Women are not supposed to work longer than ten hours at night.

Mr. COHEN: Are women permitted to work on the night shift?

Mr. ROWLEY: Yes, I suppose an equal percentage on the day work and on the night shift.

Recently, because of protests in this regard, there has been some tightening up of the law, but we cite it as typical of what the workers of this industry are required to do in order to make a livelihood.

It can be said without fear of contradiction that at present wage rates, our workers can not accept the eight-hour day, because they can not live and feed their families on the small income they would earn.

And this, of course, is the basic problem of the workers in our industry. Though, in many instances, wages have been increased somewhat since the war, they are still abominably low by comparison with general Canadian working wages.

In the cotton mills of Quebec, the highest-skilled worker on cotton production, the loom-fixer, will get fifty cents to sixty cents per hour. And this man will have worked anywhere from 15 to 25 years in the mill before achieving this rate. Compare this with the basic rate of fifty-nine cents (with cost of living bonus) which your Board set for the steel industry. Some few other classifications of labour will be paid between forty-five and fifty-two cents per hour; but the great majority will be far below these rates. Thousands work for rates of wages between twenty-two and thirty cents per hour. Weavers, with considerable skill and with years of experience, may make between thirty-seven and forty-five cents per hour. But many men and women with large families who have given the best years of their lives to textile production, find themselves receiving the basic rate of thirty-five per hour on war production, and that required by federal law. We do not desire to go into this matter in any further detail, but attach clear examples in Schedule "A".

From these facts, and many more with which we do not desire to burden your Board to-day, it must be clear that we are dealing here with abnormally low wages and abnormally bad working conditions. These are the things that require the attention of legislation and government wage-fixing boards.

### *Profits, Wages and Prices*

The argument is continually advanced that any increase of basic wage rates would automatically result in inflation of prices that would in the long run do more harm than good to the low wage earner. If prices are really frozen and the law is enforced, this should not be so. However one factor that seems to be universally forgotten is the employer's revenue, his profit, on the basis of the present prices and the present wages. If, for example, with an increase in wages the employer's profit were to recede somewhat where it is capable or doing so there would be no question of any alteration in prices.

While it is true that many employers to-day are operating on a thin margin of profit in certain lines, it is not always so; and those employers in textiles who last year handled \$100,000,000, of war orders for cotton products cannot be said to have suffered a loss, as we shall show:

#### *(a) Montreal Cottons, Limited, Valleyfield, P.Q.*

The CHAIRMAN: What is that quotation from?

Mr. ROWLEY: "Financial Counsel."

Mr. LALANDE: Published in Montreal, I believe.

Mr. ROWLEY: Yes.

With a very high percentage of looms devoted to fabrics required for Canada's war program, Montreal Cottons Limited, for the first seven months of 1942.... was able to surpass even the record of 1941, when volume of sales and operating profits were the highest in the Company's history.

The sharp improvement in operating profits in the year ended December 31, 1941, as a result of expanded war-time demand, resulted in a wide margin of net earnings over dividend disbursements. With manufacturing profits rising to \$2,414,699 from \$1,311,195 in 1940, the company was able to off-set an increase in depreciation of \$100,000 to \$500,000 as well as a rise in income and excess profits tax provision of \$757,000 to \$1,290,000 and still show a substantial gain in net income to \$614,743 against \$343,383 in 1940, equivalent to \$20.49 and \$11.48 a share, respectively, on the \$7 cumulative preferred stock. After allowing for one year's preferred dividend, balance on the common stock on this

basis rose to \$13.49 a share against \$4.48. Even after deducting \$50,000 transferred to contingent reserve, \$50,000 to pension fund and \$41,454 to sinking fund reserve, the balance available for dividends in 1941 would still be \$473,269, equivalent to \$8.77 a share on the common, after allowing for preferred dividends. In any case, the \$4.00 dividend rate on the common stock was covered by an ample margin.

(b) *Dominion Textiles Company, Montreal, P.Q.*

Mr. COHEN: What is that quotation from—the same source?

Mr. ROWLEY: Yes.

At the annual meeting of shareholders of Dominion Textile Company held June 24, 1942, the President, Blair Gordon, stated that the Company was eleven times ahead of its war production records of 1914-18. Over 70 per cent of the Company's cotton production goes directly or indirectly for war and essential purposes. After the \$7 cumulative preferred dividend (against which \$79.73 was earned), common net was equal to \$5.22 a share against \$7.03 in the previous year, and the \$5 dividend rate. As at March 31, 1942, net working capital was \$12,463,523 as compared with \$10,328,218 the previous year. Here it must be said in the Company's favour that considerably increased taxes were paid, which off-set to some extent net profits. Nevertheless, as the above will show, profits were substantial.

The CHAIRMAN: Just on that point, what are those considerably increased taxes? It is a pretty general statement.

Mr. ROWLEY: I think I have the exact figures here somewhere—six million odd from three million odd the year before.

The CHAIRMAN: An increase of about three millions.

Mr. ROWLEY: Yes, I did not attempt to make any complete analysis of the figures.

Further examples could be offered, but the above will suffice to show that there is ample room for increases in production costs without affecting price levels.

We place these facts and this argument before you, not because we desire to expose or attack any particular employer, but because we feel that the right approach to the wage problem is not always adopted in our industry by the government bodies concerned.

In your opening address to this inquiry, Mr. Chairman, you asked the question: "To what extent, and under what circumstances, should new conditions of work be ordered or authorized which involve increased cost of production?"

We feel (a) that it is a basic error to limit adjustments in wages to those inequalities that can be found within the industry itself, for it may well be that a whole industry in a whole district is substandard and requires upward revision of wage scales; and (b) that your Regional and National Boards, in considering wage adjustments, should do so on the basis of a realistic Cost of Living Index and the average income of a Canadian worker. Too often, the Regional Boards, with submissions before them, will look only at the past record of wages in an industry with the reflective assumption that if it was possible for workers to live on such wages before it is possible to-day. This fails to take into consideration the great changes in living costs since the war and also the evil effects that wages in the past have had upon the well-being of our people.

In our industry we can definitely state that there is required a general upward wage revision. People do not live on the wages that are paid to-day in this industry; they exist only; and the well-known figures on health, infant mortality, etc., in our Quebec textile towns are ample evidence thereof.



*Collective Bargaining and Legislation*

The United Textile Workers of America stands firmly by the principle that the democratic right of workers to bargain collectively with their employers on questions of wages, working conditions, and hours of labour must be recognized fully by the passage of legislation to that end. The recognition of this principle in orders in council or in statements of policy by cabinets or ministers, while praiseworthy in themselves, does not satisfy the requirements of the situation so long as the employers are aware that it is not mandatory in law.

We in our field of work have had already sufficient practical experience in dealing with employers to be able to state without fear of contradiction that the existing machinery for the settlement of industrial disputes is inadequate and must be improved upon. Let us in this regard cite the example of our attempt to secure contractual relations with a very large textile corporation, the Montreal Cottons, Limited, of Valleyfield, P.Q., the President of which is Mr. Blair Gordon, also President of the Dominion Textile Company.

As long ago as December, 1942, our organization, having conducted a peaceful and orderly campaign of unionization, without incitement to violent action and specifically recommending recourse to the peaceful machinery of law, requested the opening of negotiations with this Company on the basis of the fact that we represented the majority of the employees. From that time to the present date, five long months later, the policy of procrastination employed by selfish corporations which have no respect for the rights or privileges of their workers and which are afforded protection by the very essence of existing legislation, has been exploited to the full. Correspondence took place, negotiations were refused flatly, an appeal was made for a Board of Conciliation and Investigation under the terms of the Industrial Disputes Investigation Act, a further delay ensued and finally a Commissioner was appointed to make a preliminary investigation. This preliminary investigation has already consumed months of time in endless, wasteful conversation and expenditure of valuable funds, when both parties could have stated with almost absolute certainty in advance what the attitude of the other was; and still no agreement has been reached and still no order of any force or value has been issued that would bring the matter to a conclusion.

The CHAIRMAN: Is this matter at presently in process of being dealt with?

Mr. ROWLEY: As it stands right now the commission has on his hands the job of recommending or not recommending a board of conciliation.

Mr. COHEN: When did you apply for the board?

Mr. ROWLEY: In February, 1943.

Mr. COHEN: You say there was then a preliminary investigation?

Mr. ROWLEY: I should have said there was a pre-preliminary investigation. First Mr. Raoul Trepanier made a preliminary investigation and then the preliminary inquiry commissioner was appointed. He can only make an investigation.

Mr. COHEN: We know what the inquiry commissioner may do. You say you made your application in February, 1943?

Mr. ROWLEY: Yes.

Mr. COHEN: Mr. Trepanier made a preliminary investigation?

Mr. ROWLEY: Yes, he attempted to conciliate the matter.

Mr. COHEN: All right. After that as a result of his report a commissioner was appointed under P.C. 4020?

Mr. ROWLEY: Yes.

Mr. COHEN: When was that?

Mr. ROWLEY: I do not remember the exact date.

Mr. COHEN: Who was the commissioner?

Mr. ROWLEY: Mr. Bernard Rose, K.C.

Mr. COHEN: That commissioner is now in process of making his report as to whether a conciliation board should be set up as requested in February 1943?

Mr. ROWLEY: Yes.

Mr. LALANDE: All of this refers to the Montreal Cottons in Valleyfield?

Mr. ROWLEY: Yes.

The question at issue is: How should an impartial agency of government determine whether or not an organization possesses a right to represent and negotiate for a body of employees? And, once determined, how should it enforce its decision?

In this concrete instance, when the Company challenged our right to speak on behalf of the majority of the employees, our Union immediately offered to hold a vote, administered by the Federal Department of Labour, to choose a bargaining agent. We were backed in this offer by the word of the Preliminary Investigator Raoul Trepanier and later by the Inquiry Commissioner, Mr. Bernard Rose, K.C. This offer, many times repeated, was flatly rejected by the company with the insinuation that the workers are not fit to judge for themselves by a vote which organization should represent them and a description of the recognized policy of the Federal Department of Labour of holding votes to determine representation as "an old trick of the organizer's trade."

Mr. COHEN: What are you quoting from?

Mr. ROWLEY: A letter from the general manager of Montreal Cottons to myself. I regret very much that I have not attached sufficient material; I can file that letter later, supplementary to this brief.

Mr. COHEN: I should like to see it.

Mr. ROWLEY: I will do that. There are others from the Department of Labour as well.

When we asked the Department of Labour to order a vote, we were informed that no such authority exists. Our Union went even further in the interests of harmonious relations. We requested of the employees to affix their signatures to a petition clearly stating that they authorize us to act and negotiate on their behalf and obtained thereby the signatures of a good majority of the Company's employees. Still this was not satisfactory to the Company. Still they refused to negotiate. The Union made wide concessions in the interests of obtaining peaceful negotiations; and all attempts, all generous offers were blandly rejected by employers who knew and who stated that no law in the land could force them to negotiate.

Mr. COHEN: You say "When we asked the Department of Labour to order a vote we were informed that no such authority exists". Was that done by correspondence?

Mr. ROWLEY: No, in person.

Mr. COHEN: To whom did you address the request?

Mr. ROWLEY: In one instance I engaged in a confidential conversation. I spoke to Mr. Maclean, of the Department of Labour, and also asked Mr. Rose's advice.

Mr. COHEN: This was all after the board had been applied for and the commissioner had been appointed?

Mr. ROWLEY: Yes.

The preliminary investigation is now nearly ended. A new saga is to begin on the basis of the Commissioner's recommendation either for or against the appointment of a Board of Conciliation and Investigation; when both parties know already in advance that, even should this Board at the end of its deliberations recommend negotiations with the Union, its recommendation is once again not mandatory. How can members of legitimate Unions, who are after all practical workers who must feed their families bread and salt and not the legal phraseology of Conciliation Boards, be expected to regard all this procedure? When the Government decides that additional taxes are needed to meet the requirements of the Federal Budget, it does not simply recommend that taxes be paid. It makes payment mandatory; indeed, it collects.

The conclusion is logically forced upon workers that, under present circumstances, only one weapon remains to secure recognition of their rights,—cease work, strike. Even as our Inquiry session concluded in the office of Mr. Bernard Rose, K.C., Inquiry Commissioner, word came to us from no less an authority than the Managing Director of this particular company, who was himself present, that strike talk had reached a new high in the departments of his mills. It is perhaps lawless, but is logical where no law exists. The patience of our people can be tried so far and no farther.

But this policy spreads even further and has even wider effect. In view of the reasonless delay in the opening of negotiations, and in view of the urgent necessity for adjustments in wage levels for workers who subsist on substandard incomes prevalent in the Quebec textile mills, our Union, in the names of employees, made application to the Regional War Labour Board for certain adjustments in wage scales and in the Cost of Living Bonus. The usual delay, of which you have heard very much, took place; whereupon our delegation secured a hearing before the Board. What was our astonishment to learn that the Board felt constrained to await the decision of the Inquiry Commission prior to making any decision upon our wage proposals. We were perhaps naive. We could read only the law and not the interpretations of the law and we did not know that it was necessary for a Union to be recognized by a Company before the Regional Board could consider the employees' request for wage adjustments. We went back to where we started.

And so our workers of Quebec, in this maze of government inquiries, commissions, investigations and Boards, asked to fight for democracy which they dearly cherish and told to pay taxes and buy bonds to maintain that democracy are to be denied the protection of fairly-administered and democratic law! Bitter conclusions must inevitably be forced upon our minds and solutions of various orders, sought, unless this crying injustice is righted.

We put the question to your Board: What solution at present can you offer to a situation where an employer flatly refuses to negotiate? Without the adoption of legislation that shall make collective bargaining mandatory upon employers there can be no solution but the strike weapon.

#### *Workers Want Organization*

The question is often raised by employers in textile: What purpose can organization of the employees of this industry serve? This question can best be answered by examination of the economic conditions of the textile workers, elsewhere referred to herein. Let it be added, however,



that as relations stand now the great reservoir of labour's genius in solving the production problems of this oldest mass production industry remains almost completely untapped in the Province of Quebec. Labour's services are far from fully employed, labour's co-operation is not enjoined, for labour is treated upon an inferior level in our province, not by all but by such employers as referred to above, who refuse to accept the essential principle to-day that workers must be dealt with on an equal level through their independently-chosen representatives.

And let it further be said that the workers in this industry have time and again very definitely indicated their desire for organized representation. The history of the textile industry of Quebec would be very incomplete without reference to the numerous attempts on the part of thousands of workers to join unions and to negotiate with their employers. In 1937 and 1938 a great upheaval which ended in a general strike with wide violence and destruction of property gave adequate expression to that urgent desire for an organized voice in their affairs. Workers to-day in great numbers are once again joining a Union,—the International Union we have the honour to represent. And we say to this Board in all sincerity to-day that it is our earnest desire to avoid such strife and violence which has preceded us in this industry, but the rights of the workers must be respected. The inferior position of the workers of Quebec must be altered.

### *Recommendations*

We shall end our Brief to your Board with the following recommendations:—

1. Legislation should and must be enacted on a Federal scale which shall once and for all clearly establish in actual practice the right of workers to organize unhampered by discrimination and once organized making it mandatory upon employers to negotiate with that organization which represents the majority of the workers in a given company. The right to representation should be established in such legislation by the holding of a secret ballot amongst the employees.

Mr. LALANDE: I see your recommendation is for legislation on a federal scale. You are of course aware that apart from the wartime emergency powers of the federal government there is a constitutional problem involved in that proposition.

Mr. ROWLEY: It is specifically because of this that I put in the word "federal". I feel that legislation of that character should be national legislation.

Mr. COHEN: What Mr. Lalande is pointing out is that apart from special powers conferred on the parliament of Canada by the war emergency, legislation with respect to collective bargaining might be provincial in its jurisdiction rather than federal. That is the point that Mr. Lalande wanted to make.

Mr. ROWLEY: I think federal would be better constitutionally.

Mr. COHEN: But there is that constitution difficulty. What is it you are putting forward?

Mr. ROWLEY: I believe the federal government can secure power through parliament—

Mr. COHEN: Through which parliament?

Mr. ROWLEY: The federal parliament.

Mr. COHEN: The federal parliament cannot just add to its own powers.

The CHAIRMAN: You are fundamentally putting your proposition on the ground that these companies are engaged in some 70 per cent of war work—you say 70 per cent?

Mr. ROWLEY: Yes; in the case of Valleyfield it was 80 per cent war production.

Mr. COHEN: So far as your propositions are concerned, and as far as the relationship between this matter and the war effort is concerned, that is what the board is constituted to deal with under the War Measures Act. You use the term "legislation" which rather suggests a statute, and that raises a legal question which Mr. Lalande has brought to your attention.

Mr. ROWLEY: I should say we are not particular how the legislation is enacted so long as there is some kind of bargaining legislation.

II. The Boards should fully employ their authority to investigate wages and working conditions, as well as employer-employee relations, in an industry, with a view towards the establishment of a basic Canadian living wage rate,—such as fifty cents per hour.

III. The Boards should seriously consider in the rendering of its decisions the establishment of annual vacations with pay for all employees.

IV. The Boards should revise their point of view of limiting wage adjustments only to inequalities within a given industry and also to within a given province, and instead give consideration to petitions for wage adjustments on the basis of the cost of living for all Canadian workers and make comparisons of industries on a Canadian scale.

We sincerely trust that our remarks and recommendations will be given your earnest attention.

#### SCHEDULE "A"

##### WAGES—COST OF LIVING BONUS—HOURS

Montreal Cottons, Limited (submitted in Petition to Regional War Board).  
(This Company does not mark wage rates on Envelopes.)

Trade	Hours	Wages	Cost of Living Bonus	Total before Deductions
Doubler run. . . . .	43	\$17.21	\$0.36	\$17.57
Card tender . . . . .	40	15.65	0.60	16.24
Picker . . . . .	40	16.07	2.05	18.12
Card runner . . . . .	48	23.14	1.95	25.09
Grinder man . . . . .	76½	32.24	3.28	35.52
Roving spinner . . . . .	69½	21.79	0.53	22.32
Section man . . . . .	76½	35.32	3.28	38.60
Sweeper . . . . .	67	18.33	0.44	18.77
Cleaner . . . . .	35	8.78	0.21	8.99
Doffer . . . . .	120	48.41	1.16	49.57
Carpenter . . . . .	110	58.40	4.10	62.50
Weaver . . . . .	110	37.98	3.20	41.18
Doffer . . . . .	120	48.43	1.16	49.59
Battery hand . . . . .	106	28.20	0.68	28.88
Doffer . . . . .	113	33.32	0.80	34.12
Roving spin. . . . .	69½	21.79	0.53	22.32
Carpenter . . . . .	109	57.65	4.10	61.75
Weaver . . . . .	99	60.40	3.69	64.09
Section man (card) . . . . .	65½	29.49	2.87	32.36
Finisher . . . . .	109½	40.59	3.42	44.01

## Dominion Textile Company (some examples of wage rates)

Cloth Room—	Rate per hour
Press operators . . . . .	\$0.3596
Cotton inspectors . . . . .	0.38 (piecework)
Folders . . . . .	0.35
Table inspectors . . . . .	0.3595
Winders . . . . .	0.28
Machine Shop—	
Machinists . . . . .	0.55 to \$0.65
Millwrights . . . . .	0.55 to 0.60
Blacksmith . . . . .	0.60
Yardmen . . . . .	0.35
Weave Room	
Loomfixers . . . . .	0.58
Weavers . . . . .	0.35 to 0.45 (piecework)
Battery hands . . . . .	0.25 to 0.28
Cleaners . . . . .	0.35
Bobbin boys . . . . .	0.28-0.32 0.35
Spinning room—	
Section runners . . . . .	0.50
Spinners . . . . .	0.28 to 0.50 (piecework)
Doffers . . . . .	0.25

I thank you on behalf of this delegation.

Mr. LALANDE: Going back to page 4, where you give the rates that are being paid in the cotton mills of the Province of Quebec, can you say what percentage of workmen are receiving a rate of fifty to sixty cents an hour?

Mr. ROWLEY: It would have to be an estimate out of my hand.

Mr. LALANDE: Roughly, as against the proportion that would be getting the lower rate of thirty-five cents.

Mr. ROWLEY: I would say about 10 per cent.

Mr. LALANDE: In a typical mill?

Mr. ROWLEY: 10 per cent, maybe 15 per cent.

Mr. LALANDE: Would be getting the higher rate?

Mr. ROWLEY: Yes.

Mr. LALANDE: What percentage would be getting the thirty-five cent rate?

Mr. ROWLEY: You mean thirty-five cents and below?

Mr. LALANDE: I take it that is the minimum rate under P.C. 7670.

Mr. ROWLEY: It is the minimum rate only for adult males.

Mr. LALANDE: Yes, it is twenty-five cents for females and thirty-five cents for males.

Mr. ROWLEY: Yes.

Mr. LALANDE: What would be the percentage of the total payroll in terms of the number of employees who would be getting the minimum?

Mr. ROWLEY: I would say very close to forty-five or fifty per cent, but I would really not like to have my figures quoted in that respect.

Mr. COHEN: You could get the ratio from the Turgeon report.

Mr. ROWLEY: The rates have changed considerably since that.

Mr. COHEN: The question that Mr. Lalande is addressing to you has nothing to do with the rates; it has to do with the workers. You have very few loom-fixers in a factory.

Mr. ROWLEY: Yes, but there are other men who make high rates. Every mill would have a machine shop in which skilled mechanics would receive fifty-five cents, but the great majority of the workers are getting well below that rate.



The CHAIRMAN: You were talking, Mr. Rowley, about a base wage as low as twenty cents. How does that fit in with the operation of those on war work? I think if it is work on war contracts they have to pay thirty-five and twenty-five cents.

Mr. ROWLEY: Yes, that is quite so. The question was asked of me as to what legislation existed in Quebec on minimum wages, and I tried to answer the question. Of course where they are working on war contracts the Fair Wage Act applies. We have a case in Dominion Textiles; a man works as a cleaner and is paid at a rate of twenty-eight cents an hour; he will have marked on his wage slip the rate of twenty-eight cents an hour, even if he is supposed to get thirty-five cents and the difference is then made up by what the Dominion Textile Company calls a bonus. The wage rate is maintained at twenty-eight cents an hour so that when the war contract disappears his wage is still there.

Mr. LALANDE: What cost of living bonus is being paid?

Mr. ROWLEY: Very low—sixty cents in some mills. I give examples here in the scale. The highest bonus paid in the Montreal Cotton mills is \$2.05 a week.

The CHAIRMAN: In your third column there you have a very varied cost of living bonus.

Mr. ROWLEY: Yes, I cannot figure it out myself. I may say that the regional board, on our request, sent down an investigator to Valleyfield. He sat with myself and other representatives in the office. I totalled before them 100 envelopes and I asked the investigator to explain to me how they estimated the cost of living bonus, so he jumped on the telephone to the accountant and asked him to explain it; he did not know.

Mr. COHEN: Some of these references are for a two weeks period.

Mr. ROWLEY: Yes, I wanted to give some examples worked on a weekly basis.

The CHAIRMAN: You have a doffer working 120 hours with a bonus of \$1.16, a carpenter working 110 hours with a bonus of \$4.10.

Mr. ROWLEY: Quite so.

The CHAIRMAN: I do not understand it.

Mr. ROWLEY: I have the envelopes right here.

Mr. COHEN: Is the doffer in this case an adult male? I should think he would be by the wages.

Mr. ROWLEY: He might not be. In this particular mill most of the adult workers on more skilled work receive \$4.10. A great many of the employees receive less than \$4.10 for fifteen days.

Mr. COHEN: That is for a two week period.

Mr. ROWLEY: Yes, 110 and 120 hours, in some cases 144 hours.

Mr. LALANDE: How do the rates in the province of Quebec generally compare with the rates in Ontario for the same type of work?

Mr. ROWLEY: I have not the figures here, but I can say that in the Cornwall mills, for example, in comparative production, there is quite a considerable difference in income for the same hours, say from \$4 to \$8 per week.

Mr. LALANDE: Are you comparing Cornwall with Valleyfield?

Mr. ROWLEY: Yes, or Montreal. As a matter of fact in Valleyfield the rates are slightly higher in some operations than in Montreal. A loom fixer gets fifty-nine to sixty cents, Montreal fifty-five cents or fifty-eight cents.

Mr. LALANDE: What would the same classification get in Cornwall?

Mr. ROWLEY: Sixty-five cents or sixty-eight cents.

Mr. COHEN: My recollection is that in the Province of Ontario, in the fall of 1937, after the investigation conducted there into the textile industry, they introduced province-wide minimum wage for adult males of thirty-three and a third cents an hour.

The CHAIRMAN: That is in Ontario.

Mr. COHEN: Yes.

The CHAIRMAN: Thank you, Mr. Rowley.

Mr. CHARLES BIRS: I wish to present the non-union side of the question.

*The Non-union Workers' Brief on Labour Relations Submitted to National War Labour Board by Chas. Birs, 1379 W. St. Catherine Street, Montreal.*

### *The Objective Viewpoint*

With the non-union worker the logic of the situation infers that he has more confidence in his employer than in the parties who offer to protect his interests at so much per. Knowing that capacity for truth, justice and honour is as much a result as it is a cause the responsibilities of business management develop the moral character and judgment of that element of society more than does unionism, politics, teaching or labouring, and the best in character and intelligence is none too good for him, so he sticks with management.

This confidence may and usually does include a fair understanding and a tolerance for the rights and obligations of management towards the owners of the firm, his employers. To that extent his mind is at one with management; he shares with management the obligation of safeguarding the savings his employers invested in the enterprise. He realizes also that stability of employment and opportunity for advancement are predicated upon profitable operation and to the extent that he is permitted by management to so do, he will act accordingly.

### *Tolerant Aloofness Towards Unions*

This type of individual, therefore, while more critical of management than the unioner, he having ideas of his own with regard to practices and policies, does not remotely identify the interests of the management of labour unions with those of the firm or his own. He squarely places labour unions among the myriad of competing profit-seeking aggregations of ways and means; views them in the same light as he does any and all of the firm's competitors in its own field. He therefore considers joining a union a direct blow to his own interests in so far as it complicates administration, jeopardizes the interests of his employer.

### *The name is "Scissorbill"*

A whole row of stinging epithets, the most commonly used of which are "Scissorbill" and "Scab," have been coined by the furthest left of the labourite camp for the benefit of this worker, despite which this category of earners constitutes 75 per cent of the population. To Scissorbill, an outcry against unions by manufacturers' associations on the score that these endeavour to strengthen their economic position by all means at hand, including a labour shortage, is humiliating to say the least; a sign of mental immaturity, is thoroughly disillusioning. For he readily concedes to and fully expects of those firms as prompt a capitalization of a shortage of goods in the market. Neither would he dream of invoking the police power of the state to prevent them from so doing.

He maintains this liberal attitude towards the "police power" which the less analytical refer to as "powers of government". He looks upon politicians as natural persons with rights as . . . . aggrandisement, their right to find out what the voters want and to promise it to them. Just like the merchant does in his store. The right to exaggerate in his claims of capacity to deliver what the electorate calls for from the instrumentalities of government like the merchant exaggerates his patent medicine's virtues and all else he advertises. But for himself he concedes to government, as its sole legitimate function, the maintenance of order through law for the protection of his right to enjoy the fruit of his labour. He does not condone government wasting his time or money in remedying the vicissitudes of life by legislative fiat. He shuns all remedies that are worse than the disease. He subscribes to utopias with reservation of the dignity of the human being which he believes endowed of a divine spirit that is a replica of the universe itself. Hence he sees life as a great adventure, an opportunity for spiritual expression too precious to be subordinated to the views, desires or ambitions of self-appointed messiahs or men of destiny. He will yield to expediency but not reward those who occasion his so yielding. He accepts and supports government as a necessary evil and hates the evil of it. Not that he is looking for perfection in man or nature; the very fact that he aspires to perfection proves it does not yet exist. He is a tolerant person.

#### *Crimes of Government*

In dealing with government personnel he knows that these are responsible to elected representatives who obtained power by promising the electorate what they called for, knowing that they could not deliver, but could much less deliver what they ought to have but did not want. This he accepts as a mitigating circumstance to their authoritarian crimes. But he also knows that little crimes if nursed with praise can grow big and menacing. Knows that moral blindness and mental derangement is not a respecter of national boundaries and he fears from this current deliberate crippling of the economy a real danger inviting military disaster and in despair resorting to such secret weapons as uncontrollable disease germs, gas and explosives.

Yes, Scissorbill is now worried.

Yes, in Scissorbill's opinion, the crime of government that immediately victimizes him most is the deliberate jettisoning of the proven business administration procedure instrumenting the natural profit motive in favour of legislative fiat power, rank superstition of the morally and intellectually underdeveloped masses of the people. An error that proved costly in the years of mere economic conflict and that could readily prove fatal under conditions of armed conflict.

#### *The Profit Motive*

Legislative measures deriving from criminal over-emphasis of human imperfection of evil manifested through the profit motive as against the degree of perfection, goodness, fidelity to inexorable law evidenced by progressive functioning of human society under the same profit motive.

Scissorbill knows what it is to be without, and he feels that having is an unmitigated good thing. Sees no evil at all in the profit motive. He knows that the free contractual order under which capitalism operates is a method of sharing and he relies upon the profit motive to prompt others to contract with him that he may share in things. He believes that he is constantly learning, progressively developing his capacity to improve his economic performance; improve upon ways and things, initiate



arrangements yielding him an increased share of things. And as a worker he looks up first to his employer to support him in this, but he wants the right to capitalize his useful ideas and offer his shares to the public at large if that proves necessary. He fully expects that when he exceeds what is expected of him from his employer his contribution be fully recognized and rewarded. He expects that his desire to contribute to the success of his employer's enterprise be fully recognized by management and properly instrumented. That he be heard in his turn in the councils of management. That his desire to purposefully apply, test and progressively develop his moral and intellectual powers upon the problems of management be made effective.

He expects that when he produces above the recognized average, thinks up ways of eliminating operations, saving material, speeding up operations, improving designs and performance in products and machines; simplifying administration procedure, and that these values have been sequentially monetized, he be paid the full share of that money that standard business practice provides. He expects that the resource of management will prove equal to overcoming the opposition of both unions and government to such settlement. He knows that competent business management does not construe accurate monetization of values as inflationary or full settlement for services rendered as affecting the quality of one's patriotism. He wants to verify full settlement for those extra services under the standard code of simplified accounting practice like his wages are entered. He feels that enlightened self-interest on the part of management suggests no less since denying his just reward for these extra services rendered carries a rebuff, an insult to his intelligence and self respect besides the financial injury: packs a solar-plexus blow to his capacity to so contribute to the firm's profits.

### *What About Inflation?*

Mr. Scissorbill understands that "prices," as naturally determined by supply and demand, is divided under six essential headings, namely: rents, interest, taxes, salaries, wages and profits. Profits set large enough to absorb losses and survive. That by the instrumentality of finance the element of time involved in production and distribution is bridged and the entire price is sequentially monetized under the inexorable law of mathematics. He checks all tampering with these essential divisions of price and finds that in all instances only the names are changed, hence, that the more they are manipulated the more they remain the same. He realizes that modern technology whereby matter is transformed and stamped out with precision at high speed in torrential quantities is the deflationary factor that undermined the supply and demand basis of prices, stymied business management temporarily, put pressure upon the politicians and caused the war, hence is a source of goods equal to a complete guarantee against inflation.

Conceding that competent business management stands ready to guarantee our contract economy against disastrous inflation if free to operate under orthodox business administration procedure, what about Scissorbill's patriotism? He concedes that it is a powerful emotion but much overrated in its capacity to produce things because it has no effect upon mathematics employed in straight accounting. Patriotism does not change the fact that when he has produced services and things that have been monetized he has got to get his full share of that money or the books will never be straight. He gives no man on foot or on horseback his patriotism proxy. When money he has earned should be loaned or given to his government he is as ready as any politician in his employ to give

or loan it and he, himself, wants to do the giving and loaning. It is his money and he first wants to check and count it. If he is not to be trusted to do the right thing with it, then he is also incapable of trusting others.

If his employer is prevented from making an accurate settlement for services rendered on account of governmental interfering with the rules of mathematics or the monetary symbol, then he denounces the faithlessness of those public servants of his whom he maintains by the sweat of his brow to protect him in the full enjoyment of the fruits of his labour. To him, government personnel from the Prime Minister down are not supermen anointed from above with power over him but plain work people whose salaries and expenses he contributes to by his own efforts.

Mr. Scissorbill never loses sight of the fact that failure of his governmental employees to maintain peace is just that—failure. He acknowledges that that brings him into the row and he means to meet that circumstance head on. To throw all he has into it to avoid the fate of the weak in battle. But so warned he doubly checks his government crew. When he finds them tinkering with the rules of mathematics by which production of arms and necessities on the home and the battle front is managed and deliberately defacing the monetary symbol because others are doing it—he knows that the wartime governing job is too big for them. But, since anyone being too small does not make him or anyone else any bigger, he does not want to fire them; all he wants to do is try to help them. He wants to break his neck if need be trying to help reinstate orthodox, scientific business administration procedure on the production front. He does not look upon himself as patriotic for merely doing this. He only knows that he is sensitive to the patriotic emotion like everyone else. To him patriot and hero is what he does, not merely what he says or intends to do. To him the soldier facing the enemy batteries is a greater patriot and hero than he possibly could ever be if he tried. And he is determined that this fellow will not come back to a defunct economy, taken apart in his name because the mental riff-raff portion of the electorate wanted this and bigger countries were so accommodating it.

### *Instrumenting Patriotism*

Scissorbill has no objection to operating the economy on the basis of patriotism instead of profit, but he knows that banks and insurance companies and financial institutions charged with safeguarding of savings are forbidden by law to lend, discount or buy obligations of firms or individuals who offer no reasonable assurance of profitable operation. The criminal code of all lands forbids the management of enterprises to undertake operations deliberately designed to cause financial loss or damage to the owners. So the so called rich cannot start the wheels of production for less, however much they may wish to so do, and the poor cannot get the loans or credit to do it if patriotism and not assurance of profit is the basis. There is no half way or compromise in this. Man is imperfect, his plans and calculations are imperfect, and these imperfections are reflected in all his plans and calculations. He may draw a straight line between profit and loss, but hitting it in the long run is only accidental; experience proves that he must set a margin of profit large enough to absorb losses. The possibility of losing all can only be compensated by the opportunity to gain beyond all ordinary computation.

If the profit motive is unpatriotic and evil then the loss motive is good, and banking and insurance laws and those governing administration

of commercial and industrial enterprises must be made to recognize the fact. The banking and insurance laws must forbid loans to and investment with enterprises that do not offer reasonable assurance of profits to their owners. The criminal code must also provide that management of enterprises who fail lose substantial part of the savings invested therein be heavily chastized.

Planting potatoes on the basis of patriotism instead of profit means that a smaller potato than the one planted must be harvested and no addition to it. A result that will call for poisoning the potato patch instead of fertilizing it. Accounting under that functional basis will be facilitated by revising the rules of arithmetic by statute or order in council.  $2 \times 2$  must be made equal to 3 with  $3\frac{1}{4}$  as top ceiling.

Scissorbill is a consistent cuss. With him you do not only outlaw profit, you set up a substitute basis in opposite to its evil, and that means the loss basis. And if you recognize profit as the legitimate functional basis, then you recognize all profit regardless of size as legitimate. You revoke all blue-sky and security sales control laws that hamper free risk taking in the founding of new enterprises. This outlawing of the sales of shares in new ventures derives from the very lowest moral and intellectual strata that H. G. Wells presently alludes to as that mental riff-raff known as the Communist party. An irresponsible element that is well represented in every economic and social level, and that based their original propaganda upon a dishonest representation of the percentage of loss sustained of investments due to dishonesty. Losses that in reality are only a fraction of that sustained by society as a whole by this stopping of imaginative and venturesome dead in their tracks and giving the entire right of way to the functioning aggregations of means already unwieldy through size and prevented from initiating new lines of products and services because these would compete with the old lines that their capital is invested in.

Scissorbill stands ready to mathematically prove that the impact of war contacts upon our capitalistic economy was equal to reversing the deflationary trend caused by the disconcertingly immense productive potentialities of our new technology, and that had the profit motive been left completely free to operate to the extent of revoking all new security sales control laws and immigration restrictions such an industrial boom would have occurred since 1939 that Canada would have attracted immense capital and millions of gifted emigres in every line of production with the result that superlatives in weapons, ships and planes, necessities and comfort goods in such flood proportions that our land and its way of life would have been upon every tongue in allied and enemy lands, and the nazi, fascist and communist ideologies would have suffered so much in comparison that the enemy legions would have turned their guns against their own oracles when they started to defame us. All prices and wages would have risen, but less than in the last war, because more goods and services would have been on hand to absorb the unavoidably equal purchasing power. This picture is true to ascertained facts to most of this audience, and our key governmental servants but under the momentum of yielding to the moral and intellectual riff-raff who delivered the majority vote, capitalism was stabbed in the back and thrown overboard and marxism was instrumented.

In conclusion, Scissorbill is really not mad at anybody either here or anywhere else and he wants his governmental employees to stay right where they are but gather up the information needed by himself and management to produce and distribute things. And can the superman of the superstate act?

The CHAIRMAN: Thank you very much, Mr. Birs.



The brief of the Sherbrooke Hosiery Workers Association will be filed and put in the record.

SHERBROOKE, P.Q., Mai 11, 1943.

Le CONSEIL NATIONAL DU TRAVAIL,  
Ottawa, Ontario,  
D. G. PYLE, Secrétaire.

Mr,—L'Association des Employés du Bas de Sherbrooke, est heureuse de l'opportunité qui lui est faite, de présenter un mémoire a l'enquête McTague, nous espérons que,notre mémoire sera bien vu des enquêteurs.

Les points que nous soumettons, sont nous croyons, d'un intérêt général et peuvent amiliorer de beaucoup, le sort des travailleurs de ce pays.

1. Tous les travailleurs devraient bénéficier d'une semaine de vacances payées.
2. Le boni de vie chere en entier et pour tous les travailleurs.
3. Reduction du nombre des heures de travail.
4. Plan de pension.
5. Allocation familiale.
6. L'opportunité d'avoir un conciliateur quand une demande est faite.
7. Que les ouvriers soient mieux représentés dans les commissions.
8. Paiement de l'impôt sur le revenu de l'année courante et supression des huit mois d'arrérages.
9. Exclusion de l'indemnité de vie chère et de l'épargne obligatoire de l'impôt sur le revenu.

Vitre bien devoue,  
Laurent St. Sauveur,  
Secrétaire.

(Translation)

SHERBROOKE, May 11, 1943.

The NATIONAL WAR LABOUR BOARD,  
Ottawa, Ont.  
D. G. PYLE, Secretary.

Dear Sir,—The Sherbrooke Hosiery Workers Association is happy of the opportunity offered to submit a brief to the McTague Inquiry, and trust its brief will be well received.

We feel the matters covered by our representations are of a general interest and could greatly improve the lot of the country's workers.

1. All workers should have the benefit of a week's paid vacation;
2. Payment of the full living bonus to all workers;
3. Reduction of the working hours;
4. Retirement plan;
5. Family allowances;
6. Possibility of having a mediator when requested;
7. Better representation of labour on various bodies;
8. Payment of income tax as you go, and passing-up of current eight months tax arrears;
9. Exclusion of the living bonus payments and of compulsory savings from income tax.

Yours truly,  
(sgd.) Laurent St. Sauveur,  
Secretary.

Hearing adjourned until 10.30 a.m., May 27th.









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**NATIONAL WAR LABOUR BOARD**

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**PROCEEDINGS**

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Official Report

No. 6

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SUBJECT:

**Labour Relations and Wage  
Conditions in Canada**

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HEARING: OTTAWA

DATE: MAY 27, 1943

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OTTAWA  
EDMOND CLOUTIER  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1943







**NATIONAL WAR LABOUR BOARD**  
**LABOUR RELATIONS AND WAGE CONDITIONS**  
**IN CANADA**

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Proceedings of Public Inquiry held in the Board Room of the  
Board of Transport Commissioners for Canada, Union Station,  
Ottawa, on Thursday, May 27, 1943, commencing at 10.30 a.m.

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PRESENT:

The Hon. Mr. Justice C. P. McTague, J.A., Chairman

Mr. J. L. Cohen, K.C., Member of the Board

Mr. Léon Lalonde, Member of the Board

Mr. D. G. Pyle, Secretary.

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APPEARANCES:

George Burt .....	Regional Director, United Automobile Workers of America.
Roy England .....	President, Local 200, United Automobile Workers of America, Windsor.
Albert Elson .....	President, Local 222, United Automobile Workers of America, Oshawa.
Harry Rowe .....	Public Relations Director, United Automobile Workers of America.
T. B. Weatherbee .....	Past President, Montreal Board of Trade.
D. H. Whittaker .....	President, Montreal Board of Trade.
H. C. Beatty .....	Secretary, Montreal Board of Trade.
H. Gould .....	Ass't. Secretary, Montreal Board of Trade.
E. R. Complin .....	Montreal Board of Trade.
T. Buck .....	Dominion Communist Labour Total War Committee.
Evariste Dubé .....	Chairman, Quebec Committee, Dominion Communist Labour Total War Committee.
Norman Freed .....	Secretary, Dominion Communist Labour Total War Com- mittee.



## VOLUME VI

(Hearing of May 27, 1943)

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Pursuant to adjournment the hearing was resumed at 10.30 a.m., Thursday, May 27, 1943.

*United Automobile Workers, America*

The CHAIRMAN: Mr. Burt, may we hear from you now?

Mr. GEORGE BURT (United Automobile Workers of America): Mr. Chairman, I have with me Mr. Roy England, Mr. Albert Elson and Mr. Harry Rowe.

The CHAIRMAN: Yes. Will you proceed with your brief?

Mr. BURT: I suppose the procedure is to read it through?

The CHAIRMAN: Yes, that is correct. Sometimes we ask questions and sometimes we do not.

Mr. BURT: I wish to present the brief submitted to the National War Labour Board by District Council 26, United Automobile, Aircraft, Agricultural Implement Workers of America, affiliated to the Canadian Congress of Labour.

Mr. LALANDE: What geographical area does that cover?

Mr. BURT: The organization covers the entire Dominion of Canada, and now we have added to that Alaska, although that is not Canada.

The purpose of this brief is to place before the National War Labour Board on behalf of 45,000 organized automotive, aircraft and agricultural implement workers in Canada, facts, statements and conclusions which the officers of our union consider applicable in aiding the Board to reach a solution to the many problems concerning labour, industry and government during this emergency period and after.

We are very pleased that the National War Labour Board has received authority from the government to conduct an inquiry into labour relations and wage conditions so that necessary improvements may be effected following representations by interested parties. We subscribe to the opinions previously expressed by the Canadian Congress of Labour and our representation is mainly for the purpose of underscoring by specific examples the need for remedial legislation as proposed by the Congress.

We propose to deal with the subjects under the main headings suggested by the Board, namely:—

- (1) Labour Relations.
- (2) Wages, cost of living bonus and associated subjects.

*Labour Relations*

While the war has been responsible for bringing into sharper focus the problems of labour, we believe that any changes made by legislative enactment should extend into the post-war period as the dislocation of our national economy then will require measures to promote industrial harmony.

It is our intention to review the entire policy of the government with respect to labour relations from the time P.C. 2685 was passed until the present time, and to prove to the Board the complete inadequacy of the existing legislation and how it has contributed to industrial disharmony.

*P.C. 2685*

Order in council P.C. 2685 was passed in June, 1940, after representatives of labour had made many pilgrimages to Ottawa, expressing to the government our unqualified support of the country's war effort and requesting that legislation be passed giving labour its proper recognition as an integral factor in all-out production.

At the time of the passage of P.C. 2685, labour believed that the government was sincere in its desire to secure the needed co-operation of labour and also believed the government was willing to grant certain compensating guarantees to safeguard labour's rights. After the order in council was passed it soon became evident that it was not a law but merely an expression on the part of the government of what has been aptly and frequently described as a pious hope. Even after labour realized that the order was without real teeth, it still hoped that the government would back up its expressed policy by using the authority of government to implement the vital issues of recognition of trade unions and the right to organize free from any discrimination or interference.

Many workers who did not realize the true picture which the order in council presented and believed they had the protection of the law, found that after attempting organization their leaders were discharged or demoted. The biggest joker of all in P.C. 2685 was the inclusion of paragraph No. 6, quoting the useless amendment to the Criminal Code known as 502 A.

Many a labour official had to tell the workers that this piece of legislation meant nothing at all and precedents which have been established on cases in court have proven that the amendment offers no more protection to the workers than P.C. 2685 itself. The many ineffectual attempts by workers to obtain redress under 502 A are too well known to be presented here.

During the period of time between June and November, 1939, labour organizations had intended to use Order in Council 2685 but they had little success whatever in establishing union recognition which was the prime cause for industrial disputes.

Mr. LALANDE: P.C. 2685 was not passed until June, 1940.

Mr. BURT: That is correct. It is 1940 I am referring to.

In this period the problem of obtaining recognition of the union was very acute and employers showed no more signs of recognizing unions after the order in council was passed than they did before.

On November 7, 1939, Order in Council P.C. 3495 was enacted which extended the scope of the Industrial Disputes Act to include practically every industry that was engaged on war work. The announced intention of the government was to prevent strikes over such questions as union recognition and to establish a "cooling-off" period as well as a channel whereby such matters could be handled through conciliation without impairment of the war effort. The main defect of the I.D.I.A. is that it was set up to settle disputes in railways and transportation and its scope was very narrow. It is wholly inadequate to deal competently with the entire problem of labour relations and most particularly with disputes arising out of the unwillingness of employers to concede the principle of collective bargaining.

Mr. COHEN: I suppose the point you seek to make there is that the Industrial Disputes Investigation Act was designed to affect industries in which collective bargaining was then in operation?

Mr. BURT: Yes.

This fundamental defect was not evident before the war, partly because the Act applied only to a restricted group of industries but mainly because within these industries trade union recognition and collective bargaining had already been established. Prior to the war, the chief method workers were compelled to use to establish recognition was the strike weapon. It was very difficult for organized workers to relin-



quish the strike weapon for a Board of Conciliation when they were well aware of the deficiencies of the Act and that the decisions of such boards were not mandatory on either side.

In a majority of cases when Boards of Conciliation were established and had made their investigation, even though there was no compulsion to a board recommendation, it seems by the statements of boards that they believed that something should have been done in order to establish the right of workers to organize and have their collective bargaining agency recognized.

One of the best examples is to be found in the majority report of the Board under Mr. Justice W. Martin which was concerned with recognition of the union in the Teck-Hughes gold mine dispute. This report said:

"In view of the general recognition which has been given both by the law and practice to the right of workers to organize, and the right of collective bargaining, it does not seem reasonable for any industry to refuse to recognize these rights unless there is some substantial justifiable reason."

Then again, a Board of Conciliation under the chairmanship of Mr. Justice C. P. McTague, reported on a dispute on the Great Lakes involving union recognition as follows:—

"As industry has grown and developed, the right of work people to organize into associations of trade unions and through such organizations to bargain collectively with employers as to terms and conditions of their employment has been increasingly emphasized. It is a right acknowledged by law, by industrial practice and by public policy. It has been verified by many important public pronouncements. These rights cannot be said to be effectively acknowledged unless employers can be said to be willing to negotiate and enter into agreements with the organizations which the employees have selected or formed, in the exercise in good faith of their legal and public rights."

The United Automobile Workers of America has had to apply for many Boards of Conciliation and all of them were concerned with the question of union recognition. It is quite true that through the I.D.I.A., the United Automobile Workers have eventually secured collective bargaining in the majority of cases but it was only through long delay and the patience of workers in continuing to press their claims.

Mr. COHEN: Would you say it was through the Industrial Disputes Investigation Act you obtained collective bargaining?

Mr. BURT: We give it quite a lot of credit. We were lucky to get it. We were lucky enough to have the Board give us the nod so far as recommending it was concerned.

The deficiencies of the Act could be outlined as follows:—

1. Procedure of making application.
2. Necessity of taking a strike vote.
3. Delay.
4. Decision not mandatory.

#### *Procedure of Making Application*

It is necessary to give employees three full days' notice that an application will be made on their behalf for the establishment of a Board of Conciliation. It is quite usual to place an advertisement in the paper for such a purpose.

Mr. LALANDE: What paper do you mean?

Mr. BURT: The daily paper that applies.

The employer then becomes aware, if he does not already know, that his employees intend to make an effort to obtain collective bargaining. Discrimination usually follows and it has been the practice of management to find out who is the plant leadership, and then either discharge or discriminate against them by demoting them, or otherwise hold them up as a warning for other employees that the management will not tolerate organization.

Usually a situation of this kind affects the employees in either one or two ways. It may discourage them to such an extent that it is impossible to obtain a necessary majority in order to establish the right to a board, or the employees will become exceptionally militant, and will close down the plant in order to have discrimination of this type settled. Frankly, our experience is that the latter method brings almost certain results. It is quite usual after a shut-down occurs and the employer sees that the workers are determined, that no further opposition is offered to the application by way of discrimination.

Another recent development in respect to the application for a Board of Conciliation is the requirement of the Department of Labour that an organization show a majority of the employees in a given plant, either paid up in the union or signed up by application cards. In trying to obtain a definite ruling from the Department of Labour we have received the answer that it is up to the appointed commissioner to decide whether or not it is necessary to have paid-up membership or signed application cards. This gives management credit for all those people who wait for a union to organize before they join, for those who are afraid because of the impotency of existing legislation, and those citizens in a democracy who are not interested one way or another in the conditions governing their way of life.

Through conditions brought about by the war, workers travel many miles to their jobs and it is necessary under this ruling to sign them up in the plant with the possibility of increasing discrimination. If all the members of the House of Commons were required to have 51 per cent of the citizens in their constituency vote for them, then the majority of them would not be elected and this would probably include the Cabinet too. Even if legislation is passed giving more concrete protection to workers than now exists, there will be a residue of fear for a long time which will hold workers back from actually joining a union before there is a secret election or a contract signed. The only logical way of solving this problem is by the taking of a vote in the plant or by having the commissioner instructed to decide whether or not a dispute exists which is liable to affect war production, and not whether a majority exists who are in favour of a particular organization.

#### *Necessity of Taking a Strike Vote*

When a meeting is called for the purpose of making application for a board, it is necessary for the leadership to take a strike vote of the employees under the Act.

Mr. COHEN: As a matter of fact there have been instances in which employers have submitted in answer to the application for a Board of Conciliation that when the strike vote was taken authorizing the making of the application the employees were told this was just a matter of form, that they would not have to strike in order to get a board. There have been instances in which employers have referred to that as in some way disturbing the foundation for the application.

Mr. BURT: That is quite correct. We have received replies to applications to that effect, and in some cases they have even given that as the reason for not setting up a board, and recommended to the minister that the board be not set

up. If you say that is only the method of making the application, there will be no strike, and you will attempt to keep the workers quiet, and then after taking the strike vote the employer uses that to suggest to the Minister or the Labour Department that the board be not set up because in making your application for the board you have to swear that a strike will take place if the board is not established.

It would be wrong for the leadership to say that this is only a matter of form and that no strike will take place, because he is required to swear to a statutory declaration to the effect that if a board is not established, then a strike will take place. Employees who are not well informed on the conditions of the Act, usually react in a similar manner, just as they do when an application is advertised, as previously explained. It either discourages them so much, that they feel obliged to forget about their organization, or else they become so militant that they are convinced the strike will actually take place in the plant and this results in general confusion, and very often contributes to hindering war production.

When workers learn that a strike vote is necessary to obtain a Conciliation Board, relations in the plant invariably approach a feverish state which is not productive of the necessary harmony as a prelude to opening mutually satisfactory negotiations. This disharmony is further accentuated when there is a protracted delay in the establishment of boards and the employer uses the intervening period to initiate and encourage company unions. The cost of such boards, in the majority of cases, solely over the question of recognition, should not be overlooked when it is considered how such funds could be used in the application of more modern legislation.

### *Delay*

There has been a great deal said about the delay from the Department of Labour in establishing a board once application has been made. In the case of an application made for the establishment of a board on behalf of the McCord Radiator employees, who are members of Local 195, U.A.W., the application was made on December 16, 1941 and the report of the Board was not made until July 13, 1942.

MR. COHEN: Do you know offhand when the Board was appointed?

MR. BURT: I think about three weeks prior to the time the report was made. I cannot say for sure when it was established. Usually once they are set up they get together immediately and meet fairly quickly, but it is the delay in appointing the commissioner, and so on, that causes the trouble.

Contrary to the general impression conveyed by certain agencies that union organizers are agitators who are continually trying to force workers on the picket line, we wish to point out that it was only by a real effort on the part of the union that it was possible to keep the plant running. The management of the plant did not take kindly to the establishment of a board, and although no discrimination was practised by the company, the employees had a feeling of frustration and blamed the government for preventing them from obtaining collective bargaining after publicly professing adherence to such principles.

Other examples of delay that our union has experienced are as follows:—

Champion Spark Plug, Windsor—Application made February 5, 1942;  
Report of Board made on July 13, 1942.

Gar Wood Industries, Windsor—Application made February 5, 1942;  
Report of Board made on July 13, 1942.



Chrysler Corporation, Windsor—Application made December 16, 1941; Report of Board made March 11, 1942.

Canadian Bridge Company, Windsor—Application made on March 29, 1942; Report of Board made on July 13, 1942.

Most of these plants are located in the city of Windsor but there are many other examples throughout the province of identical delay.

Mr. COHEN: In connection with that I think you should indicate, if at all possible, when the boards were appointed. That is only fair to the boards. Take Chrysler, for instance; do you remember when the Chrysler board was appointed?

Mr. BURT: I may say again that our experience has been that when the board is constituted it is only a very short period of time before the board meets and makes its reports.

Mr. COHEN: Then one may say that in the main all the delay occurred between the time the board was applied for and when it was set up?

Mr. BURT: That is correct, and there is another slight delay later. We do not get the report of the board until it comes from the Minister of Labour. Quite often there is delay there.

Mr. COHEN: The date you give here is the date on which the board reported to the Minister of Labour?

Mr. BURT: No, the date on which we received the report from the Minister.

#### *Decision not Mandatory*

It was always explained to the workers that even if the decision of the board was favourable to the employees and recommended recognition of the union selected by them, the decision of the board was not mandatory, and the company could still refuse to recognize the union. When this information reached the employees, it was quite natural for them to take the position that the most logical solution was to strike the plant and settle the issue quickly. An explanation was then necessary and the employees were informed that before the board made its decision a strike would be illegal.

In all the examples given above, the report of the board was in favour of the employees, but still the question of recognition was not always settled and even though the company agreed to abide by the decision of the board, a battle still raged across the conference table on what was meant by the report of the board and Order in Council 2685. Employers contended that it was not necessary to recognize the union as a party to the agreement in order to agree with the intent of Order in Council 2685, and although they did agree to negotiate with a plant committee chosen by the employees, it was quite usual to have a serious situation develop because of their refusal to recognize the union as such, in an agreement.

The manufacturers developed a formula in order to prevent the union from gaining recognition while at the same time pretending to agree with the report of a Board of Conciliation. They stated that the committee should be elected by departments and that such committees should be parties to an agreement, and that outside representatives of the union should not be allowed in negotiations, and further claimed that they were agreeing with the report of the Board and living up to Order in Council 2685 by granting these so-called "rights" to these employees. A streamlined version of this technique is now projected by so-called Industrial Relations Institutes who offer what they describe as "recognition" and negate the whole principle of collective bargaining by proposing the administration of agreements by a council elected by employees irrespective of whether they are members of the union or not.

Mr. COHEN: Are you referring to the formula put forward by the Industrial Relations Institutes?

Mr. BURT: We have two institutes in the Province of Ontario, but there is only one that subscribes to the formula. That one is the Niagara Peninsula. I may say that both the A.F. of L. and the Canadian Congress unions are forming institutes for the purpose of combatting this formula in the Niagara Peninsula.

This is the same form of proposal as one by which after electing one government, we name a super government whose members would be without responsibility. Such suggestions we contend should be rejected as not providing recognition and bargaining in good faith. Only a group of workers properly organized, meeting regularly, amenable to group discipline and responsible to each other and to their organization can properly be a party to a collective agreement as implied by the word "collective." The acceptance of such a formula would in the end destroy every vestige of responsible unionism and lead to constant disruption.

Efforts to inject such counterfeit substitutes for genuine collective bargaining has not contributed to harmonious industrial relations as in the majority of cases recognition of the union in an agreement is one of the most important issues. If organizations and employees agreed to such a procedure it would give the employees a committee but not a union.

Mr. LALANDE: You would not deny non-union workers the right to bargain collectively?

Mr. BURT: Not a bit; they have a right to bargain collectively, but I do believe that after the workers themselves have decided by a majority on a certain agency, that agency should deal with the management for all the workers. Every time an agreement is entered into, those workers who did not select the agency will get the benefits that will be given as the result of the agency itself dealing with the management. For instance, seniority is not restricted to union members. The same with our applications to the labour boards; these same employees get any extra compensation that may be given to the union employees. We simply say that the agency should be the one selected by the majority of the employees.

On June 6, 1941, the government saw fit to pass Order in Council 4020 and Order in Council 4844, which had as its object, the establishment of an Industrial Disputes Inquiry Commission, to make a preliminary investigation into a dispute, and if a mutually satisfactory adjustment is not arrived at, to advise the minister of matters at issue and whether the circumstances warrant the appointment of a Board of Conciliation under the Industrial Disputes Investigation Act.

Evidently it was the intent of the government to eliminate as much as possible the necessity of establishing boards and to try to solve the problem by means of a commission. The idea would have been helpful if the commissioner had been granted enough power to conduct a vote in the plant to determine the wishes of a majority of the employees.

Mr. COHEN: That was the policy?

Mr. BURT: Yes, that was the policy.

However it was quite usual that the employer did not change his stand because he did not have to and the commissioner made a recommendation for a board, providing he was satisfied that a dispute existed which would be liable to hinder production. Because of the lack of authority given to such commissioners, this method of dealing with the disputes merely created further delay.

Our experience in several cases was that the commissioner tried to sell us a substitute for company unionism under the guise of union recognition which had been suggested to him by the management. During the past

three months, an additional procedure has taken place. The Department of Labour now send in an investigator who is absolutely without power. He finds out if it is necessary to send in a commissioner. We can only speculate on the confusion and delay caused if this procedure is extended and later on the department sends in another man to find out if an investigator is necessary.

Mr. COHEN: We heard something about that yesterday from the Montreal unions. I should like to be clear on that. Do I understand that the practice, as you find it, is that after you make application for a board an investigator is sent in to decide whether a commissioner should go in to decide whether a board of conciliation should go in? Is that the procedure?

Mr. BURT: Yes, we use this Order in Council in cases of discrimination.

Mr. COHEN: P.C. 4020?

Mr. BURT: Yes.

Mr. COHEN: That is the operation?

Mr. BURT: Yes, but when he comes in he has no authority to settle anything. The Labour Department says, we will shoot a man in there, but he has no power to do anything in the way of settling a dispute. He has never settled one.

Mr. COHEN: You mean dealing with collective bargaining or a similar issue?

Mr. BURT: Yes. The position taken by the Department of Labour is that these commissioners have to be given the necessary authority. I suppose they have to be sworn in, or something, and they will not do that because they claim they do not know whether there is justification for a commissioner being sent in, so they send an investigator.

Mr. COHEN: Have you any instances in which the investigator became the commissioner?

Mr. BURT: Yes, I believe we have. I understand Mr. Fine is a commissioner all the time. We have had an instance in Wallaceburg where I was advised that an investigator was coming in. I had had experience before, so I asked him if he had the power to act as a commissioner, and he said "No"; I am coming in to investigate this dispute and find out if it is necessary to get a board to come in and settle this dispute. We claim that creates confusion and the workers are all built up to strike.

Mr. COHEN: Was that man later appointed the commissioner?

Mr. BURT: Yes, he was. We protested in that particular case, and so he was given power to act as a commissioner.

### *Strikes*

It seems that we have already in this brief presented sufficient cause for some of the strikes and stoppages which have occurred in war and other industries since the war started. It does not solve the situation to say that they should not have occurred. We think they should not occur. We have tried and will continue to try to avoid them. But it should be pointed out that co-operation is not a one-way street. The surest way to prevent them is by trying to eliminate the causes. The causes of many of them roughly could be divided into two parts, namely:—

(1) Refusal of management to grant union recognition.

(2) Inadequate wages and delay on the part of War Labour Boards.

(1) The question of union recognition has probable caused more lost time through strikes and stoppages than any other single cause. Very often when workers put down their tools to gain recognition of their



union, they tend to blame the management or the company as much as the government for not having a clear-cut policy. After reading pronouncements in the public press of the government's position with respect to union recognition, and feeling that they are to-day fighting for freedom of association, it is only natural that workers are quite willing to assert these principles at home as well as abroad even though in most cases, it entails considerable sacrifice."

Mr. LALANDE: I suppose you will agree that workers are fighting for freedom of association and for freedom of disassociation as well?

Mr. BURT: I do not quite get that question.

Mr. LALANDE: Freedom to join a union or to refrain from joining.

Mr. BURT: I agree with you. I think freedom works both ways.

The Wallaceburg strike which was carried on by our organization during the months of February and March is a good example of the expression that workers give to that feeling of frustration when their request for union recognition is denied. It was found in this case that the company was not sufficiently engaged in war work to justify the establishment of a board. The refusal of the government to grant a board in this case put the workers in a very bad position in the plant. When the refusal was communicated to the employers, it was more than a coincidence that 150 men were given their separation notices. For seven days these 150 men went through the plant working out their notices and at the same time conversing with other employees about their position, and it was quite reasonable that they believed it was due to the fact that they were members of the U.A.W.

Management made it clear they would not recognize the U.A.W.-C.I.O. under any circumstances. The federal government was not interested in this strike or the claims of the employees and were glad to hold themselves aloof, inasmuch as they did not have any machinery to solve it. Hon. Peter Heenan, Ontario Minister of Labour, tried to settle the dispute and personally appeared at Wallaceburg as a conciliator hoping his position as minister would aid the parties. He made the public statement before leaving Wallaceburg that "he was like a soldier without a sword" and his meaning was very plain to everyone.

It is ridiculous to say that this strike did not affect industries that were engaged entirely on war work. Members of our organization were so incensed over the failure of the government to protect these workers in their request for collective bargaining, that the leadership received many requests to close down the war plants of these workers. It was with great difficulty that the leadership restrained these war workers from taking action in support of their fellow members and a great deal of condemnation was placed on the shoulders of the government for failure to provide machinery which would adequately settle such disputes.

The strike caused a housing problem in Windsor as large numbers of employees of this company left Wallaceburg and came to Windsor. The Selective Service Branch in Wallaceburg aided the company to hire new employees while in Windsor, war industries were looking for 1,200 male workers. The buying power of these 750 employees was curtailed very sharply and it is no exaggeration to state that 50 per cent of these employees cashed in their victory bonds in order to live through the strike. Their morale as well as that of other war workers was adversely affected.

Mr. COHEN: That was a strike in connection with union recognition?

Mr. BURT: That is right.

The actions of the province in sending in provincial police did not improve the relationship between management and labour and it certainly did not improve the feeling of the employees toward those government officials who were responsible for this strike and who took a most disinterested position at Ottawa.

In recent weeks the situation at Wallaceburg has been further aggravated by the actions of local plant managements in refusing to employ 26 citizens with homes in the town and the failure of Selective Service to order their employment. Those concerned are jobless because of the earlier refusal of Dominion Glass to negotiate with a union of the workers' choice and their subsequent decision to strike.

Now, while local industries require help and one concern is seeking to enlist housewives in the town for work, these 26 citizens have been drawing unemployment insurance for a period up to eight weeks at the time this brief was prepared. To say that this situation with its waste of manpower and public funds is shocking, would be an understatement.

New workers brought in from out of town require additional housing. There is no logical reason why these workers should be forced to leave the town to obtain employment at additional expense when work is available for them near their homes. This problem again underlines the need for compulsory collective bargaining, outlawing blacklisting and an effective manpower mobilization program which will not permit native "Hitlers" to obstruct our war effort through their undemocratic practices.

The Motor Products strike in Windsor in February, 1942 was another example of a request for recognition. During the delay in the establishment of a board, the company saw fit to set up a "company union." If proper legislation had been in effect, it would have been possible to solve this dispute by means of taking a vote. This is exactly what happened in the final analysis.

It was only after the intervention of the American management of this company that it was possible to settle the dispute and the management themselves agreed to return the strikers to work and allow them to vote on their choice of a collective bargaining agency.

Again at Toronto last fall at the plant of Wilson Motor Bodies, the workers voted for U.A.W.-C.I.O. by an overwhelming majority in a government-supervised election. Later supervisory officials carried around petitions suggesting that workers sign it as indicating they had changed their minds and wanted a company union instead.

The CHAIRMAN: When you say "supervisory officials" you mean foremen?

Mr. BURT: That is right. In this case it was the superintendent and the foreman.

This provocative action naturally resulted in a strike but it was soon settled and the contract signed. The need for adequate legislation providing for compulsory collective bargaining after the union had been chosen by the workers is clearly indicated in this and other instances which would take a considerable time to document.

Other contributory causes of strikes are the inequalities in wages and delay by the Ontario Regional War Labour Board which will be reviewed under another section of this brief.

We use the Ontario Board because our experience is concentrated there.

### *Conclusions and Recommendations*

Because of our experience with existing legislation and administration thereof, we are prepared to recommend that the following changes be made:

(1) Amend the Industrial Disputes Investigation Act to exclude from its operation any questions relating to trade union representation. As previously outlined, most of the disputes coming under the Act since the war relate to union recognition. On different occasions companies have argued that the request for recognition is not a dispute as defined under the Act and therefore a board should be disallowed. We believe there is some merit to these arguments but the exclusion should not be made without corresponding legislation to provide for representation and determination of bargaining agencies.

(2) Remove from the authority of the Industrial Disputes Inquiry Commission any questions relating to trade union recognition or trade union representation.

We recommend that the government adopt a progressive policy in respect to labour legislation and suggest as a good example of such a policy, the legislative treatment on the subject of "collective bargaining" as is found in the National Labour Relations Act in the United States. We refer in particular to section 8 of that Act which is designed for the express purpose of advancing collective bargaining and protecting the basic civil rights of the workers, and provides that each of the following is a wrongful act for which the employer and the employee can be penalized or punished:—

"Section 7: Employees shall have the right to self organization, to form, join or assist labour organizations to bargain collectively through representatives of their own choosing, and to engage in concerted activities for the purpose of collective bargaining or other mutual aid or protection.

"Section 8: It shall be an unfair labour practice for an employer—(1) To interfere with, restrain, or coerce employees in the exercise of the rights guaranteed in section 7.

"(2)—To dominate or interfere with the formation or administration of any labour organization, or contribute financial or other support to it: Provided, that subject to rules and regulations made and published by the board pursuant to section 6 (A) An employer shall not be prohibited from permitting employees to confer with him during working hours without loss of time or pay.

"(3)—By discrimination in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labour organization.

"Provided that nothing in this Act, or in the National Industrial Recovery Act (U.S.C. Supp. VII, Title 15, secs. 701-712) as amended from time to time, or in any code or agreement approved or prescribed thereunder, or in any statute of the United States, shall preclude an employer from making an agreement with a labour organization (not established, maintained or assisted by any action defined in this Act as an unfair labour practice) to require as a condition of employment membership therein, if such labour organization is the representative of the employees as provided in section 9 (A) in the appropriate collective bargaining unit covered by such agreement when made.

"(4)—To discharge or otherwise discriminate against an employee because he has filed charges or given testimony under this Act.

"(5)—To refuse to bargain collectively with the representatives of his employees subject to the provisions of Sec. 9 (A)."



Nothing short of coverage at least as complete as the above, performs the functions of protecting workers in their right to join unions. There is a good reason to suggest a further addition to this list in order to check libelous and vicious references to trade unionists and to trade unionism. Names are seldom used, but references to personnel are generally thinly veiled.

We are of the opinion that in any legislative action that might be taken which will be of positive character and clearly defined, the responsibility of management and labour alike should be extended to the post-war period. Immediately after the war we will again be faced with the changeover from wartime to domestic production and again we will face the dislocation of industry that was experienced in the changeover from peacetime to war production.

We believe that the Board should give serious consideration to the use during wartime of maintenance of membership clauses in contracts where the union makes application for them. This would not set a precedent as a number of contracts have already been signed in Canada containing them. Such clauses, we believe, would assist in the creation of stability. Many members of unions which have been established in plants for the first time in 25 years believe from their experience that the companies are still basically unfriendly to unions.

Mr. LALANDE: What do you mean by a "maintenance of membership clause"?

Mr. BURT: If an employee becomes a member of the union he remains a member in good standing during the life of the agreement.

Mr. LALANDE: He must do so?

Mr. BURT: It is voluntary, purely for the maintenance of membership.

Mr. COHEN: The maintenance of membership clause provides that any person who indicates within a period of say fifteen days from the date of the agreement that he is a member of the union with which the collective agreement is entered into shall remain a member of the union during the lifetime of the agreement, and that likewise if he becomes a member he must remain so as long as the agreement exists.

Mr. BURT: Yes.

Mr. COHEN: The theory being that certain benefits are secured to the members at the time the agreement is signed, and having voluntarily become members they shall remain members during the time the agreements exists.

Mr. LALANDE: Is the clause contained in the collective bargaining agreement?

Mr. BURT: It is a clause in the agreement.

Mr. LALANDE: Does the workman subscribe to it?

Mr. BURT: He would have to subscribe to it or he would not come into it. It is not compulsory that he enter into the agreement.

Mr. LALANDE: I am thinking of the man who does not belong to the union.

Mr. BURT: If he does not belong to the union he is not required to become a member, but once he is a voluntary member he is required to remain in good standing thereafter. That is a fact, that the company would require him to remain a member.

Mr. COHEN: That is not an assumption of membership; that is maintenance of membership. If he does not take advantage of what is called the escape clause, within whatever time may be set, he is deemed to be a member of the union and is required to maintain his membership.

Mr. BURT: That is correct.

Mr. COHEN: It has been suggested that it might also help to offset such things as jurisdictional disputes.

Mr. BURT: Where we have a maintenance of membership clause in the agreement the management will usually give you a union shop. Their argument is that they do not want to be bothered with a bunch of people running around the plant collecting dues. In these days when people live so far from the plant they do have to run around the plant, so that the management usually say they will take a union shop.

Mr. LALANDE: Your argument is for the check-off.

Mr. BURT: I could personally give a great number of arguments for the check-off, but we are not dealing with that.

Continuing the brief:—

As long as such feelings exist, it is not unlikely that a great deal of energy of the union will be devoted to maintaining its position. As long as the union believes it necessary to be on guard against company policies and strategies and attempts to undermine the organization, there is bound to be diversion of effort from maximum production. But if a majority of the members vote upon themselves, as a condition of employment, membership in the union for the duration of the contract, the major result is bound to be a much greater stability in employer-union relationships than now prevails.

Such a plan would not violate any of the principles of voluntarism but, on the contrary, stems from voluntary democratic action of the union. It rests upon the democratic principle of majority rule and it gives each member of the union the right by secret ballot to determine union policy as to the principle of union membership maintenance as a condition of employment.

The maintenance of membership clause does not require any worker, at any time, to join the union. It does not require the company to employ only members of the union and is, therefore, not a closed shop. It does not require the company to give preference in hiring to members of the union and is, therefore, not a preferential union shop. It does not require any old employee, any new employee or any employee whatever to join the union at any time.

The maintenance of membership clause require only that an employee who is a member of good standing at the time the contract is signed or who thereafter voluntarily joins the union shall remain a member in good standing.

Mr. COHEN: I suppose what you have been saying about the membership clause is that it freezes the present situation?

Mr. BURT: That is right.

The CHAIRMAN: Where does it lead? Is it an auxiliary proposition to the check-off?

Mr. BURT: An auxiliary proposition?

The CHAIRMAN: Yes; I mean that the two are frequently worked together.

Mr. BURT: I would say that the maintenance of membership is along that line, except the difference is that under a closed shop agreement the company agrees to the check-off itself. If an employee coming in is not in the union, he is required to be a member and remain in good standing thereafter. All that this requires is that when a union is chosen and an employee becomes a member voluntarily, he is required to maintain his membership in the union.

Mr. COHEN: That is not a check-off?

Mr. BURT: No, it is purely voluntary.

There is a basic relation between maintenance of membership, maintenance of the contract and maintenance of production. It would only

aggravate the situation for the government to pass legislative measures respecting labour's right to collective bargaining and after the war is over to discontinue such measures, especially in view of the fact that there may be a great surplus of labour. The function of collective bargaining does not end with just a mere settling of grievances in the plant. This is just a beginning and the true function and purpose of collective bargaining is to exert a steady influence on the relationship between labour, management and government. It should allow our Canadian workers to have a medium of expression, whether it be before the management in settling local conditions that occur during their every day working hours, or the approach to government itself through the organized medium of expression of their desires.

Mr. LALANDE: Before you pass to the next section of the brief, I notice that nothing is said here about jurisdictional disputes in a situation where you have two unions in the same plant. Would you care to express an opinion on that?

Mr. BURT: There are several types of jurisdictional dispute. I think the only way to settle jurisdictional disputes is by the ballot.

Mr. LALANDE: Take the case in which the workmen are classified in three categories, according to the class of work they perform, or along other lines.

Mr. BURT: We have had no jurisdictional disputes. We have a large number of plants that have craft unions in the plants where we have a contract, and that craft union also has a contract. In the Ford plant they had craft unions, but when the contract was signed the workers in these particular departments voluntarily gave up their membership and joined us. But we have no requirement that denies to any worker the right to belong to a craft union. As I understand the Ontario Act, it contains a clause whereby the management has the right to require the taking of a vote to determine the proper bargaining agency.

Mr. COHEN: What you are now discussing is really a question of the appropriate bargaining agency or unit rather than a jurisdictional dispute where two unions claim the right to represent a specific group of workers. What you are now on is really a matter of the machinery that is set up.

Mr. BURT: I think so.

Mr. COHEN: The question that Mr. Lalonde addressed to you was on jurisdictional disputes in an industry. I would say that machinery to take a vote to decide the union would be the best way to settle the dispute.

Mr. LALANDE: I do not know that there is any ironclad definition of a bargaining unit or agency. I suppose a bargaining agency could be a committee which would represent two unions, or even three unions, as the case may be. A bargaining unit is not necessarily a union.

Mr. BURT: A bargaining unit is not necessarily a union?

Mr. LALANDE: It could be—

Mr. BURT: A bargaining unit is usually called a union. I have never called them anything else.

Mr. COHEN: Mr. Lalonde means that it may be a committee comprising more than one union—what has been referred to here as a cartel. Where there is more than one union, some sort of overriding committee may be set up to enter into a bargain with the company. That is what Mr. Lalonde is referring to.

Mr. BURT: We have not had experience with that in our association. I do not care to speculate on it.



*Wages, Cost of Living Bonus and Associated Questions*

**Wartime Wage Policy:** It is worthy of note that when the government passed Order in Council 7440, the cost of living bonus Order, P.C. 8253, which was revoked with the coming of Order in Council 5963, that in relation to wages, the government passed from what was merely a declaratory position when they enacted Order in Council 2685 to a mandatory position when they enacted the orders in council affecting wages and cost of living bonus.

With the passing of the "should be" policy enunciated in P.C. 2685 to their "shall be" policy as enunciated in their wage control orders, the government took away one of the functions of collective bargaining. The present wage order now in effect, and all those that preceded it, had in mind the control of wages in order to prevent inflation. In arriving at the basis for considering wages fair and equitable, the government must have considered that wages prior to August, 1939 were for the most part fair and reasonable. It also should be noted that an application for an increase in the cost of living bonus coming from employees who have received increases, has been dealt with by taking into consideration the amount of increases which have been given since 1939 and subtracting that amount from the cost of living bonus allowed, which in effect nullifies any advantage that might have been gained through the increase itself.

It is our opinion that increases that were given since 1939 were given in nearly all cases because the wages in the particular plant were not fair and equitable, and this judgment was arrived at because the wages prior to 1939 had been low, and not because of the increase in the cost of living since the beginning of the war.

These inequalities in wages and delay by the War Labour Boards in handling requests for adjustments are one of the chief causes of discontent among workers. For example, a group of employees make a request to the War Labour Board through their union. The Board requires a complete breakdown of the entire wage structure for its own information, and even with plants that have collective bargaining, the company invariably turns us down when we request the wage history of the plant. It is then necessary to canvass the entire plant and depend on the information given us by the employees.

A brief is then prepared for the War Labour Board and if the company is contesting the application, the War Labour Board asks the company to submit their information. The company takes its time in submitting such information and this is the first stage of delay. Because of the large numbers of applications before the Regional Board or the National War Labour Board, in most cases, it is necessary to inform the employees that there will be a delay.

Even if the management and union agree that in their opinion certain adjustments should be made, and management is agreeable to making the date of such adjustments retroactive, it has been the practice of the Board to set a date which in their opinion is fair and reasonable for the adjustments to take effect.

Even though neither management nor union are responsible for the delay this causes resentment among the employees. We feel that it is only fair that any request should be retroactive either from the day it was agreed to by both parties in negotiations or in the case of a single application to the day it was filed by the applicant and received by the Board. This is only fair since the delay is the fault of the Board.

Application of the wage order, however, is responsible for the greatest unrest, inasmuch as there is a tremendous differential between the rates paid in—

(a) Areas where the cost of living is on a par with one another

(b) Within a given locality, between similar classifications of work.

(c) Take for example, two areas where the cost of living has risen or has been on a par with one another. In the city of Windsor, the wage rates are higher than in the city of St. Catharines although the cost of living is on a par, and was about the same prior to August, 1931. The workers in both of these areas received the same consideration from the War Labour Board with respect to the cost of living bonus. Both areas are automobile centres and employ similar types of employees engaged in similar occupations.

But in St. Catharines, for instance, foundry labour is paid less than in Windsor. A similar situation exists in regard to other rates paid there as compared to Windsor and Oshawa. The government cannot justify a wage policy that pays Citizen Jones 15 or 20 cents an hour less than it pays Citizen Smith for doing the same work on the same job on the same gun, tank or aircraft for the same government.

This situation in the automobile industry provoked a bitter strike in the General Motors plant in St. Catharines in 1940. Manufacturers usually try to keep wage levels down and as this plant is the largest in the area it really is a barometer for the adjacent industries.

(b) It is also our opinion that more attention should be given to the levelling-off of wage rates in similar classifications within an area. Most employees who are working in centres where war production engages practically all of the employees feel as they are working for the government, and as the people of Canada are paying them while they are contributing to the war effort in the same ratio as one another, that the rates of pay should be equalized.

It should not make a great deal of difference whether a man welds a tank for the Gar Wood Company or the Ford Motor Company. If he is doing the same quantity and quality of work he should receive the same amount of remuneration. We therefore believe, that to some extent at least, differential between companies in a given area or zone should be equalized.

We also have employees who are receiving a cost of living bonus of one amount and other employees in another plant in the same area receiving a different amount. We believe that all bonuses in force prior to the passage of Order in Council 8253 should become part of the wage structure so that there will be complete equalization of bonuses from the date of the wage freezing order and price freezing. After making application to the War Labour Board for adjustments in bonuses we are again confronted with the lack of co-operation on the part of the Board in making such bonuses retroactive from the date it was first negotiated with the company, or from the date application was made to the Board. On numerous occasions we have been informed by the employees that unless the Board acts on their case they are going to take action into their own hands without the authority of the union.

It is left to the responsible labour leader to make excuses in order to prevent a shutdown in the plant. In the majority of cases, we agree that the employees involved have just grievances, but we have taken our responsibility and on many occasions have been successful in preventing stoppages, while not receiving the co-operation of government agencies.

It is our opinion that the only method to bring about more uniformity in the cost of living bonus would be to apply the full bonus to all of the workers who are eligible to receive it. The method of paying the compulsory cost of living bonus should also be rectified. For instance, if a worker is receiving the 60 cents bonus and the company pays every two weeks, he could work 70 hours in one week and 26 hours in another but he would not receive the full \$1.20 bonus.

Mr. COHEN: Just what do you mean there?

Mr. BURT: That he might work 70 hours in one week and get 60 cents bonus, and the next might work only 26 hours and not get the full bonus, because the bonus is paid on the hours worked by percentage.

Mr. COHEN: You are arguing that for the week when he worked more than 48 hours he should be paid more by way of bonus. Are you suggesting that the period of two weeks should be taken as a basis to ascertain whether or not a full bonus should be paid, or what is your proposal?

Mr. BURT: Say he loses 12 cents, then if he works overtime he should be properly compensated for that too.

Mr. COHEN: That is the point I am trying to get at. Is it your suggestion that the cost of living bonus should be carried through on all hours, whether they are regular or extra or overtime?

Mr. BURT: Yes, that is right.

Mr. LALANDE: What is the prevailing cost of living bonus in the industries in which you are interested?

Mr. BURT: Prevailing?

Mr. LALANDE: Yes.

Mr. BURT: I do not think there is a prevailing figure. We have some plants with \$4.25 a week, some with \$1.85 a week, some with 60 cents a week. Sometimes they are across the road from one another.

Mr. COHEN: You have them varying from 60 cents a week to \$4.25?

Mr. BURT: Yes.

### *A Wage Floor*

We are also in favour of a floor below which the wartime wage control would be inoperative. We believe this should be a minimum of no less than 50 cents hourly.

This would only give the head of a family \$1,300 a year provided he worked full time. It is interesting to note from data compiled from Dominion Bureau of Statistics bulletins on "Occupations and Earnings, numbers 1 and 3, 1941 census," that the earnings of 49 per cent of urban families was less than that figure for the year. And for heads of families only 55.8 per cent of all those of rural and urban families earned less than \$1,300 yearly.

This figure is startling when it is estimated that the minimum annual income for a family of five for all Canadian cities should be \$1,760. It undoubtedly explains in part the number of rejections from the army and the large amount of absenteeism in industry through sickness. This estimate of a minimum income for health and decency is based on the Toronto Welfare Council minimum budget adjusted for increased prices since 1939, taxes, unemployment insurance and certain essential expenditure increases due to greater employment. The number of male family heads receiving less than this minimum income was 75.1 per cent.

Mr. LALANDE: I take it that the Toronto Welfare Council based their figures on investigations made in the City of Toronto?



Mr. BURT: Yes, that is right.

Mr. LALANDE: Why do you assume from that that it is the minimum budget to be applied to all Canadian cities? Is that your own conclusion, or is it a recommendation made by the Toronto Welfare Council?

Mr. BURT: It is a recommendation made by the Welfare Council, as I understand it. Of course you would have to make that a general coverage in dealing with this kind of problem.

The CHAIRMAN: You have a number of these budget estimates. The Canadian Congress of Labour has one too.

Mr. BURT: That is right. I think Toronto is a fair example.

Mr. LALANDE: Well, there are many variations. This is a wide country.

Mr. BURT: I do not see why you should not use Toronto.

Mr. COHEN: Why not Vancouver?

Mr. BURT: I suppose you could use Vancouver, but coming from the east I am more familiar with the City of Toronto. You could use Vancouver, yes, but why not use Toronto, Montreal or Saint John?

Mr. COHEN: I suppose what it comes down to is this. The Toronto Welfare Council made a study in and around Toronto as to what was needed, and what they regarded as a subsistence budget. Whether or not other areas would indicate a different price level is another question.

Mr. BURT: That is right.

In addition, the food provision in this minimum budget is too low under existing conditions. Harder work and longer hours of wartime jobs demand a larger food allowance for heads of families. This is evident from a study of the dietary standards of the Canadian Council on nutrition which are identical with those of the National Research Council in the United States.

Additional reasons for the food index not reflecting the true cost are that housewives now have difficulty in finding the cheapest food values at stores where they are accustomed to buy;

I would like to make a point here if I may. I have often wondered how the members of the Regional Board or the National War Labour Board ever convinced their wives that the index figures shown by the Department of Labour are correct.

Mr. COHEN: What makes you think we do?

Mr. BURT: I am curious to know.

Mr. BURT: (Reading)

there is no provision for the sharp increase in the prices of fresh fruits and vegetables which do not come under the price ceiling and have registered increases up to 100 per cent and more; there is a distinct increase in food costs through the discontinuance of sales and "specials" formerly employed by the thrifty housewife; this is also noticeable in reductions in quality, changes in packing, etc., less tender cuts of meat requiring more cooking, the limitation of small-size containers, etc.

Other factors which indicate that the cost of living index does not adequately reflect the actual rise in the cost of living are: wage earnings in war industries which have expanded most are often called upon to supply themselves with special clothing and the clothing costs of the family may be affected either because this special clothing increases the total clothing required or because its price has risen more than the general average of clothing prices; children's clothing which is not priced for

the index has risen in price more than clothing for general adult wear; declining quality is difficult to detect in clothing but reduces the wearing qualities and thereby increases the cost; frequently workers have had to move their families because of war jobs or board at high cost; transportation costs are increased; the index does not consider increased taxes on amusements or tobacco nor any provision for union dues.

We believe that the Board should make a thorough study of the index with a view to having it more adequately represent actual increased living costs and that the Dominion be divided into zones for this purpose.

### *Why a Living Wage is Possible*

Our main criticism of the wage policy under Order in Council P.C. 5693 is that it seems to be based on the premise that prices must necessarily rise if wages are increased; that it would open the door to inflation. Where wages are sub-standard, the increase can result in the family obtaining a more healthy standard of living particularly with relation to the food they eat.

The argument that adjusting wages would lead to inflation undoubtedly means that through the effect of increased payrolls on cost of production and the demand for consumers' goods, prices would rise and the price ceiling on consumers' goods could not be maintained.

Admittedly there would be an increase in the demand for consumers' goods on the part of those whose wages were adjusted to 50c an hour. The increased income would be spent chiefly on consumers' necessities and it would not necessarily raise the prices of these goods.

As shown by the surveys of family expenditures, the demand for a 50-cent an hour minimum is based on the lowest wage permissible for the maintenance of the productive efficiency of workers. Besides their effect on health and morale, inadequate wages provoke disputes which may hamper production.

If the workers whose wages are raised to a minimum standard are employed in the production of consumers' goods, production of these goods is bound to increase, counteracting the pressure on prices through increased demand. Additional production of consumers' necessities might be brought about by the restriction of luxury goods, goods outside the budget of the lower income groups. Machinery now in effect could be extended for this purpose by increased taxation on higher incomes and luxury goods.

Mr. LALANDE: An observation that could be made there is that under the exigencies of the present the country as a whole must reduce its production of consumer goods for the purpose of furthering the war effort.

Mr. BURT: Yes, but in these lower income groups it is only by necessity they have been denied these things before. It is quite true it might increase production, but it might also increase the morale and health standard of the nation.

Mr. LALANDE: You mean it might increase the material welfare of the people by virtue of improved morale?

Mr. BURT: Yes, but you can rest assured you are going to lower the cost of production with a larger number of sales.

Such a wage adjustment might involve extension of the rationing system to provide a more equitable distribution of necessities. Obviously, the adjustments would not produce inflation if the machinery now in existence were used to a greater extent.

The test by which the increases of consumers' goods should be measured is fundamentally, will it aid the war effort? It surely meets this test if it is agreed that the available supply of consumers' goods should be apportioned in the best way to obtain the maximum production and an equitable distribution of the war burden.

Prices may not necessarily rise through the establishment of minimum pay. Unit costs may even be reduced. The result may even be that the excess profits tax, reserves and dividends are reduced. If a price rise must be prevented, it can be done through payment of subsidies.

It is unreasonable to contend that a policy necessary for maximum war production should be rejected because "it leads to inflation" if nothing is done to prevent inflation. The large increase of employment resulting from the inauguration of a war economy increases payrolls apart from adjustment of wage rates and if nothing is done about it, inflation would inevitably result. Who would contend that because of this we should refuse to expand employment for the war effort? Unquestionably it must stand or fall on whether it helps the war effort. So far we have countered any drift to inflation by taxation, rationing and price control. We can still make wage adjustments if it furthers the war effort, controlling the pressure on prices by the devices now at hand. It may require a tightening of these controls and this should be possible through a democratic policy which enlists the support and co-operation of the workers through the placement of their representatives on necessary boards.

Admittedly some logical adjustments have been made in wages from time to time with government approval, the suggestion of "inflation" notwithstanding. They were made at St. Catharines in 1940 and they have been made since. The Board is still empowered to "direct such increased range of wage rates or single wage rate to be paid as it finds fair and reasonable," if it finds that "a range of wage rates or a single wage rate forming part of the basic scale of wage rates paid by an employer on November 15, 1941, is low as compared with the ranges of wage rates or single wage rates, respectively, generally prevailing for the same or substantially similar jobs, positions, or occupational classifications in the locality or in a locality which, in the opinion of the Board, is comparable." Granting of adjustments under this order does not seem to have "lead to inflation."

However, it must be reported that to date the practice of wage control has differed sharply from the principles outlined in the order and the Board's narrow interpretations of its functions has been productive of a wage structure which is definitely unfair and unreasonable and does not ensure the most effective war effort.

We should like to refer the Board to the remarks of Dr. Bryce Stewart, then Dominion Deputy Minister of Labour and Vice-Chairman of the National War Labour Board, before the American Management Association in December, 1942, in New York at a manpower and war labour conference when he said:—

"A wage control cannot be inflexible. The objective should be to hold the highest wage rates in essential employment to gravitate towards that ceiling as necessary.

"... If the production of low wage plants is essential, the workers must be given higher wages to retain them. The injustice of freezing workers on jobs at lower pay than they could have elsewhere, and especially of forcing them to remain on sub-standard rates cannot be contemplated.



"When in this levelling up process an establishment essential to the war effort is unable to meet the increased costs, it should be subsidized by the government; but the subsidizing agency should have authority to rationalize such establishments and industries.

"The country should be divided into zones, and the top rates in the different zones for a given occupation should be compared. The highest rate of all the zones should be held, and the top rates of other zones raised toward it—if necessary to a point where there will be little inducement for workers to migrate between zones. These adjusted top rates for each zone should be held as the anchorage of the wage control system. Lower rates should be permitted to gravitate to that level as the conditions necessitate. New top rates, higher than in any other zones, may have to be established on employment in remote areas with primitive conditions in order to recruit the necessary workers.

"In this process it must be accepted that the wage rates of the lowest-paid occupations will increase generally more than those of the highest paid. A greater proportion of employees in the lower brackets are young, are not heads of families and are more migratory and more easily transferable than the higher paid skilled employees. A greater number of them also will be receiving indefensible sub-standard rates.

" . . . Adjustments in wage rates where needed constitute the most effective needs of directing labour to desired locations."

This statement indicates a clear view of what are the essential needs of our manpower and wage situation but it is certainly not in line with the actual wage freezing policy of the government and the former National War Labour Board.

Mr. COHEN: It seems to me that was said when Dr. Stewart was no longer Deputy Minister of Labour in Canada.

Mr. BURT: Yes, that is correct; he had resigned.

The CHAIRMAN: Was that speech published in other than the newspapers? Are you quoting from the press?

Mr. BURT: This is from a newspaper report.

The CHAIRMAN: I think it received a good deal of comment in the *New York Times*.

Mr. BURT: It was in the *New York Times*.

It is noteworthy that Great Britain, which has undergone a total war mobilization, has not yet instituted a wage ceiling. A definite effort has been made to stabilize the general level of wages and the cost of living but basic wage rates have been continuously adjusted throughout the war by the normal machinery of trade boards, industrial councils, the National Arbitration Tribunal or other negotiating machinery or by cost of living or other bonuses.

### *Equality of Sacrifice*

Another problem coupled with that of sub-standard wages, which has been responsible for a great deal of unrest among workers, is that of the inequality of sacrifice between the great mass of workers, the industrial corporations and those in the higher-income brackets. While wages have been frozen roughly to the 1926-29 level, we suggest that a survey would show that industrial profits would exceed that period by a large margin even after excess profits taxes, abnormal reserves for depreciation and special reserves.

There is also a definite relationship between wages and taxes that are being paid. Every worker in Canada can find out very easily what a welder or production worker makes per hour but it is exceedingly difficult to find out how much the managers of government-operated plants and plants wholly engaged or employed on war work, are drawing.

These facts are brought home to the worker every day and he is made more discontented in the knowledge that the government is paying out huge subsidies for the extension of plants whose cost will be paid off in a relatively short time. As workers are bearing the largest share of these costs, they would like more enlightenment. Additional discontent might be eliminated if workers were given some form of voucher, receipt or stamps each pay day showing definitely the amount of their forced savings.

### *Equal Pay for Equal Work*

Another problem which has loomed large on the horizon as the demand for more men in the armed services becomes greater, is that of the entrance of large numbers of women in industry and payment to them on an equal pay for equal work basis.

There is nothing in the wage order which prevents companies from paying women the same rate as men and it is illegal under the order for them to change the basic rate range of a given classification without the authority of the Board. However, a large number of companies have hired women at less pay than men and women have turned out equal production. This has been done mainly because of the uncertain attitude on the part of the former National War Labour Board in dealing with this problem.

As an organization we have been successful in numerous instances in obtaining equal pay for equal work but in order to do so, it was necessary to take each individual case up on its merits and carry it through the established grievance procedure under the collective bargaining agreement before it is possible to get all the necessary information to prove our case. Many weeks elapse, and usually the company refer this to the Regional War Labour Board and the War Labour Board is very hesitant to take a position on the matter. The Ontario War Labour Board practically refused to take a position and stated that if they agreed to pay equal pay for equal work in the Ford Motor Company in Windsor it would upset our entire economy.

This assertion is ridiculous in view of the fact that across the river in Detroit, this practice was recognized in the last war and more widely in this one in both the United States and Great Britain and we are unaware of any economic upheaval there.

I may say that we have completed a survey since this brief was written, or are just about to complete it. In a plant where there are some 250 women they are turning out more production than the men, with less scrap and no more supervision, and are setting up their own machines. That is the only reason why the company objected to paying equal wages. A couple of companies have thrown in a rest room.

The CHAIRMAN: I suppose you cannot classify them all on the same basis. The problems are a little different. It is a question whether the work is skilled or not.

Mr. BURT: That could be established by a survey conducted by the Department of Labour. The term "equal pay for equal work" means exactly what it says, yet we have ten cases we are prepared to arbitrate and the arbitrator

refuses to handle them. He says we are to go to the National War Labour Board, and they say: Go back to the company, and the company say: Go back to the Board.

Mr. COHEN: That is a case involving the question whether the women are entitled to the same wages?

Mr. BURT: Exactly. It is hesitancy on the part of the investigator to say they should be paid equal wages. They do not mention the sex in the order. They simply say you cannot change the rate of pay on a given operation, but nothing is said about the sex of the operator.

Mr. COHEN: They gave a classification.

Mr. BURT: In that case who is responsible for the prosecution in a case of a manufacturer who did employ women on the same operation at a wage less than that paid the men?

The CHAIRMAN: I think you will find it is dealt with under other jurisdiction. In Australia the method employed is simply a matter of demonstrating the facts as between the union and the company involved. I think they have a special board which deals with apprenticeships and things of that kind.

Mr. BURT: We just want to let you make a survey. There are a dozen companies but they will not let us make a survey.

Mr. COHEN: You are trying to find somebody to whom to demonstrate the facts?

Mr. BURT: We think a survey should be made. In our survey we found there is certainly a difference between male and female employees in the same class of work, such as inspection, where both are inspecting the same article across the table or bench from one another, and there is twenty-five cents an hour difference in their rates.

### *Lack of Directions by Regional Boards*

Another problem that confronts employees in making application to war labour boards is that the Board refuses to make a direction in certain matters and merely authorizes a company to pay, and during the last few months where our collective agreements are in force in a plant, they have directed the union to negotiate for the changes which have been authorized by the Board.

Mr. COHEN: I do not quite understand that. Do you mean that a decision has been issued by the National Board to authorize the company to negotiate?

Mr. BURT: No; to pay the rates, and they sent it back to the company to find out if the company would pay the rates authorized by the Board.

As an example we refer you to the case of the Gotfredson Truck Company in Windsor whereby the company were authorized to pay increases and time and a half under certain conditions. The Board then requested that the union go back to Gotfredson and negotiate with the company. On a number of classifications of rates in the same request, the Board authorized the company to raise its ceiling so that where the rate range was formerly from 90c to \$1.00 an hour the Board authorized the company to pay rates in that classification from 90c to \$1.10. While this authorization increased the range in rates it did not put one cent in the pocket of any of the workers as the management refused to raise any one of the top classifications of the range with the result that nobody received a raise.

We are of the opinion that the Board should direct the company to pay and not have to refer any matter back to the company for further negotiations.



*There Are Three Main Approaches to the War Labour Board*

1. By the company -
2. By the union
3. A joint application by the company and the union

When the company makes a request there is no direction necessary. When the union fails to secure the co-operation of the company to make a request, then it is foolish to believe that the company after having negotiated with the union and refusing to make a joint application with the union to the Board, would then agree to increases being given, unless a direction was made.

We are in favour of the Regional War Labour Board as it is presently constituted. But we feel that both the National and Regional War Labour Boards are full time positions and should function as such, in order that they may handle the many cases which come before them and to render decisions without delay, thus keeping discontent and resentment by workers to a bare minimum.

Further, in reference to the floor below which the Order need not be operative, we believe that the Order should contain enough flexibility and the Board should be allowed to use its own judgment in deciding certain specific cases.

*Labour Participation in War Agencies*

One of the most vital needs in trying to reconcile the population of the country to accept their sacrifice on behalf of the war effort, is to give the people who are making the sacrifice some responsibility for carrying out conditions which are necessary.

In the first place there is not sufficient representation of labour on the various boards such as Wartime Prices and Trade Board, Department of Munitions and Supply, Manpower and Selective Service, etc.

Mr. COHEN: What do you mean by "not sufficient representation"?

Mr. BURT: Well, there is not any. I did not want to be too tough.

Mr. COHEN: I am not asking you to be tough; I just wondered why you did not use the correct term.

Mr. LALANDE: Surely there is labour representation on the Selective Service Board.

Mr. BURT: There is an advisory committee, that is about all. I may say that the Selective Service Board has personnel managers and so on dealing with a job they cannot understand because they have had no experience. We have the City of Windsor which is all union. Why do they not have a man on the Selective Service who knows the job there? And the same with the other boards?

More consideration should be given to having representatives of organized labour accept a greater share of the responsibility on behalf of the organization they represent in taking an active part in the furtherance of the policy of our government during the war period. This type of representation should start at the very top and carry through to the scene of production action in the plants.

We have long been advocates of labour-management committees, in order to give labour representatives in the various plants their rightful responsibility in jointly discussing and helping to eliminate absenteeism, work stoppages, and unsuitable production methods. The government has not taken its responsibility in actively and effectively promoting such ideas on an industry-wide scale and our union has waited in vain for the government to convene an industry-wide conference to get the three of

us closer together. Industry, labour and government could work in co-operation through the medium of such conferences and the lack of this close association is not conducive to harmonious relations and the all-out production which might be achieved through such a relationship.

### *Hours of Work*

On the question of time and a half for overtime, we feel that the principles enunciated in Order in Council 2685 could well apply where the government has laid down a policy with respect to the undue lengthening of the hours of work.

In the United States, payment on a "40-hour-week" basis prevails generally throughout all industries and it is only with very few reservations that employees in the United States do not enjoy this concession.

During the wartime period it is necessary to obtain maximum production, and in spite of the fact that numerous economists and people have studied the problem in both Great Britain and Canada, we find that workmanship and production is affected because a definite stand is not taken on the number of hours per week.

We consider 44 hours to be the maximum which can be worked, if one is going to take efficiency, workmanship and morale into consideration. It is not necessary to read briefs or submissions by economists to convince us that the 44-hour week will produce more and better work than lengthening the hours beyond that figure. If it is necessary to work longer hours in some specific instances, then workers should be compensated by the payment of time and a half. It is hard to figure out the basis by which the Ontario War Labour Board from time to time has determined the eligibility of employees in various plants for overtime payments. We also have a condition in war plants where workers are on the job anywhere from 40 to 75 hours a week without regard for health or production standards.

### *General*

We believe that the time is long overdue when the government should adopt a positive and effective labour policy which will facilitate harmonious relations and give workers that sense of participation in the war effort that will be productive of their best efforts. This will naturally require abandonment of the existing policy of restricting trade unions by devious delays and tortuous bypaths.

Since a great deal of the energies of the workers are dispersed in fighting for the elementary right of recognition, we feel that any measures to improve the situation must clearly provide for compulsory collective bargaining and outlawing of company unions. We believe that the greatest portion of industrial troubles since the war began are attributable to the unwise attempts to freeze the development of trade unions in the midst of tremendous industrial expansion. It is due only to the extreme patience of workers and some of their leaders that the attempt to hold their organizations static in a dynamic area of industrial society has not been productive of more stoppages than has been the case. We further believe that it is undemocratic to attempt to call a halt to the free development of organizations of workers in the midst of a total war for freedom. We look forward to the recommendation of such measures by the National War Labour Board as will permit the orderly growth of the labour movement and its greater participation as an equal partner in the titanic struggle in which we are engaged.

The CHAIRMAN: Thank you very much Mr. Burt.

Mr. BURT: I was just going to add that I have with me Mr. England, Mr. Elson, who is President of the Oshawa Local. Mr. Elson would like to something.

The CHAIRMAN: Yes, Mr. Elson.

Mr. ALBERT ELSON (President, Local 222, U.A.W.A., Oshawa): I would like to add a few words to this last page which has just been read, particularly in reference to the sentence which reads: "It is due only to the extreme patience of the workers and some of their leaders that the attempt to hold their organizations static in a dynamic area of industrial society has not been productive more stoppages than has been the case." As the President of the Oshawa Local I speak from experience when I say it is a fact we have been there for forty-three years, and we are still going after the government on the injustices that have been mentioned in this brief and other briefs. It is with the utmost difficulty that we have restrained the workers. I want to point out to the Board—I am not making a threat of any kind, but just stating a plain fact—that we have had in our Local motions brought forward and it is only with the greatest of difficulty we have stopped them. They have called for definite stoppages Canada-wide, which the leaders would have been called together and a definite time would have been given to the government to remedy the injustices that were existing at that time and are still existing. We believe that if these things are not remedied we will have that condition before us again and whether we can control it or not is problematical. These things are existing right now and have existed for some time. We are placing the matter before the Board; we cannot help but place it, because it is there and we have to face these things. We believe the government should remedy these conditions.

The CHAIRMAN: Thank you, Mr. Elson. Mr. England, do you wish to add anything?

Mr. ROY ENGLAND (President, Local 200, U.A.W.A., Windsor, Ontario): I have not much to say. I realize that our brief has been rather long and thank you for the consideration that you have given us. I would like, however, to deal briefly with what is happening in the Ford Motor Company. I am the President of the local union there. At the present time we are short 1,500 men. We cannot get them. Bottlenecks are occurring all over the plant, and men are being shifted for that reason to different departments, which in the majority of cases means taking a reduction in pay. Our union has consistently called on the company to bring in women. I believe you remember the unfortunate instance last fall where the company made application to the Regional War Labour Board for permission to bring in women at 60 cents an hour instead of 75 cents, and then the disgusting occurrence both for the union and the company, where the executive secretary of the Board advised the company to change the application to 50 cents.

Mr. COHEN: Which board?

Mr. ENGLAND: The then executive secretary of the Regional Board. The company need women in the plant but they are hesitant about making an application to the Board because of what happened last year. The application was turned down. It was only through the stoppage of work that did not help production in the plant—

Mr. COHEN: Whose application?

Mr. ENGLAND: The company's. They put in for 50 cents an hour and it was turned down by the Regional Board. We believed that the week-kneed policy of this government must be changed if women are to be brought into this industry; they must be paid the same rate as men. Equal pay for equal work must be given. We do not mean that if a woman is doing the job and is not putting out the production, or if a man has to help her, she should be paid



on the same basis, but if she does the work she is entitled to equal pay. We think the government should come out and make a statement that that must be so, and then our problem would be solved in the Ford plant.

Mr. COHEN: Is not that the decision which was issued by the Regional Board last fall?

Mr. ENGLAND: No; the ruling was simply that if they desired to bring women in they would discuss it on the basis of equal pay for equal work. The women have not been brought in.

The CHAIRMAN: Thank you.

Mr. BURT: On behalf of the committee we wish to thank the Board.

The CHAIRMAN: We thank you for coming here.

### *Montreal Board of Trade*

Mr. T. B. WEATHERBEE (Montreal Board of Trade): Mr. Chairman and gentlemen, the Montreal Board of Trade is appreciative of the opportunity to present this brief. I may say it was prepared during my occupancy of the presidency, and that explains my presence here. Mr. Whittaker, who assumed the presidency a few days ago, has also come to pay tribute to the Board. With our permission I would ask Mr. Beatty if he would be good enough to read the brief.

The CHAIRMAN: Yes, Mr. Beatty.

Mr. H. C. BEATTY (Secretary, Montreal Board of Trade): The brief, Mr. Chairman, is as follows:—

#### *To the Chairman and Members of the National War Labour Board:*

The Montreal Board of Trade appreciates the opportunity it has been given to present this brief and wishes to add its voice in complimenting the National War Labour Board for holding the present inquiry which we all hope will result in improved employer-employee relations.

This brief has been prepared by a committee composed of men who have been engaged for a number of years in Personnel and Industrial Relations Work. In addition, a request was made to our 2,000 members to present their views in writing to the Committee, and many thoughtful suggestions were received.

An effort has been made to include some practical suggestions for the elimination of the more specific causes of irritation and conflict, and the promotion of good labour relations, without attempting to cover the whole field of labour problems.

The following are this Board's suggestions:—

#### *Bargaining Agencies and Agreements*

1. This Board is of the opinion that if there is no existing agreement and demands are made by an organization of employees to negotiate for an agreement, such organization should, if asked to do so by the employer, produce evidence to a government representative to the effect that 51 per cent of the employees to be affected by the negotiations, have been members in good standing for the three preceding months. If the majority is not established, the organization shall not be entitled to recognition. If the representative of the government is satisfied that the labour organization, which requests the right to negotiate does have, at least 51 per cent of the persons as members in good standing for whom it wishes to negotiate, he shall hear the claims also of any other organization, purporting to represent a substantial number of employees in the same group, following which he may order that a secret vote be taken, under government supervision, to determine the bargaining agency.

Mr. COHEN: What is the particular thought behind the reference to three months' good standing?

Mr. BEATTY: May I ask Mr. Complin to answer that question?

The CHAIRMAN: Yes, Mr. Complin.

Mr. COMPLIN: It was thought it would perhaps eradicate the present practice of merely having so-called membership cards signed by people to say they agreed to have the union represent them. We have seen countless examples where after a vote has been taken and negotiations started, actually a minority of the employees who are represented by the union become dues-paying members. I personally know of one plant with 3,000 employees where as a result of the vote which was supervised by the government the union obtained a majority of something like 76 per cent of the employees, yet today, four months after signing of the agreement, only 350 of the employees are members in good standing. It was the thought of the committee that this question of dues-paying members should be established some time earlier in the negotiating system.

Mr. COHEN: Suppose you carry that out; you may have a situation where 40 per cent of the employees become members of a union in January and the remaining 60 per cent do not become members until March. What are you going to do—date your three months from March so that the other people who have been in for three months are going to be held up?

Mr. COMPLIN: I think some way may be found of going into the details of it by perhaps agreeing that there was a sufficient dues-paying membership to give a definite indication.

Mr. COHEN: It is a fact that large numbers of workers would indicate a desire to be represented by unions, but there are factors which militate against their membership—fear for one thing, and being dubious about the result, for another.

Mr. COMPLIN: On the other hand there are a number of employees who say, "We have nothing to lose; let us go; we do not know whether these people will get us the twenty cents, but let us sign the agreement. We feel that a union has something to sell, and it has in most cases. If they can convince people that it is a sound business proposition, they should be able to secure a sufficient number of members before the business starts."

Mr. COHEN: That might be all right where the employer is not very much concerned, or quite unconcerned, about what progress the union was making at the plant. Suppose the employer resents the fact that his plant is being organized, and sometimes he does; then undoubtedly this condition will pass into the hands of such employer. It gives him a period of months during which he can use his own methods to offset the organization. Does that help?

Mr. COMPLIN: This brief is advocating the principles of collective bargaining.

The CHAIRMAN: That is what I was going to say.

Mr. LALANDE: I think that appears quite clearly later on.

The CHAIRMAN: It is purely a condition you are suggesting. You are putting it on the basis of securing some stability.

Mr. COMPLIN: There were some facts given to me. It may be an exaggeration, but I give it as it was described to me. The union was attempting to organize employees working two ten-hour shifts, and naturally faced great difficulty because the working conditions were fairly satisfactory. The union organizer went to one girl and said, "Are you in favour of only working eight hours for the same money?" She said, "Yes." He said, "Sign here." He went to the next girl and said, "Are you in favour of working ten hours?" She said,

er", and he said, "Sign that." That is the way they get 51 per cent in favour. I believe it is possible that if the union has 35 per cent of the employees who have indicated that they wish to be represented by that union and the matter comes to a government supervised vote, there will be 80 per cent who will signify their intention of using the agency.

Mr. COHEN: What is wrong with that?

Mr. COMPLIN: We say it should be more definite. After the negotiations are finished it often leaves the bargaining agency with a minority of the employees.

Mr. COHEN: You are not suggesting that as a general rule, that after the agreement is entered into the membership then collapses?

Mr. COMPLIN: No, I am not saying that.

Mr. LALANDE: Is it contemplated in this paragraph that in determining a bargaining agency by secret vote after preliminary investigation by a government representative, if one union has 51 per cent and there is another organization representing a substantial number of employees in the same plant, which bargaining agency may be determined which represents both labour organizations? Or is it the suggestion that the employees must choose one of the two labour organizations, one to the exclusion of the other?

Mr. COHEN: Or neither.

Mr. COMPLIN: There is no thought of regarding small minorities, but where there are substantial minorities some consideration should be given to them. Numerous volumes have been written on the subject of minorities both in the political system and in industry. I think that is leading up to the cartel, where there is a substantial minority.

Mr. COHEN: You are suggesting you take a vote to determine the bargaining agency. I indicate the words in paragraph 1. What is the object of determining a bargaining agency if you are not going to bargain with it?

Mr. COMPLIN: You are going to bargain with it.

The CHAIRMAN: As I understand it, the point you are putting at the moment is that you believe under proper circumstances some attention should be given to the cartel system.

Mr. COMPLIN: Yes, under proper circumstances.

Mr. BEATTY:

2. Following the selection of the Bargaining Agency as determined by the vote, the employer, in conformity with the spirit of Order-in-Council 2685, shall enter into negotiations with a view to completing an agreement.

Mr. LALANDE: I take it you mean that from then on collective bargaining becomes mandatory?

Mr. COMPLIN: That is right.

Mr. BEATTY:

In any agreement which may be concluded, there should be, in addition to the clauses applicable to wages, working conditions, etc. references to certain fundamentals, such as—

- (a) No agreement to be effective for a longer period than one year, unless a notice of renewal is submitted, by either party, sixty (60) days prior to the date of expiration and agreed to by both parties, in which case, the agreement is renewed for a further period of one year.



(b) Methods of adjusting grievances with protection of rights of individual to discuss his grievances with the employer.

(c) Methods for internal investigation of differences, and settlement of disputes prior to resorting to any external agency for settlement.

3. Every organization of employees claiming rights as a bargaining agency should be required to register with and supply evidence to the government of its responsibility.

4. If the majority of employees wish to organize for the purpose of negotiating a collective agreement they shall be free to organize and choose by free and secret ballot a Bargaining Agency of their own choice regardless of whether this be a "Trade Union", "Employees' Association", a "Committee of Employees" or any other organization of employees. Legislation already in effect provides for the right of employees to select their bargaining agency and no other legislation should take away from the employee his right to select, without compulsion or coercion, a bargaining agency which he may choose.

5. Where an employer has entered into an agreement with a properly constituted bargaining agency for a period of not longer than one year, no vote should be permitted at the request of the new bargaining agency until sixty (60) days prior to the expiration of the annual agreement. Before a vote is authorized, the prospective agency should conform to the procedure outlined in paragraph No. 1.

Mr. COHEN: The prospective agency with which the agreement is being entered into.

Mr. LALANDE: As I understand it, the provision is with respect to an agency that would wish to engage in a renewal agreement.

Mr. COMPLIN: I think the confusion exists there because of the word "there" before "new bargaining agency". I think that is intended to be any new bargaining agency, in a situation where there is an agreement and a new bargaining agency chooses to put forth its claims.

Mr. BEATTY (Reading)

6. Such controversial matters as the closed shop, the union shop, and the maintenance of membership, check offs, etc., should not be dealt with by legislation.

7. That portion of the Industrial Disputes Investigations Act which requires the strike vote to be taken to obtain a Board of Conciliation and Investigation should be eliminated because of the unnecessary and undesirable implications which it holds for the employees, the employer, and the general public. All requests for a Board should be investigated by an Industrial Inquiry Commissioner in conformity with P.C. 4020 in order to establish that the circumstances warranted the appointment of a Board. The principle of requiring a government-supervised vote on the question "Are you in favour of a strike?", before any strike is declared legal, should be retained.

#### *Boards of Conciliation*

8. Boards of Conciliation should be composed of permanent appointees and, preferably, constituted on a regional basis.

9. Under existing legislation; the parties to a dispute are not legally bound to accept the findings of a Board of Conciliation. This situation should be changed so that the findings of the Conciliation Board (which would in fact become a Board of Arbitration or Labour Court or Com-

mission) are binding upon both parties. In making a Conciliation Board's findings compulsory, provision should be made for an appeal within seven (7) days to a higher authority with powers of enforcement.

10. Changes in existing legislation should be made to ensure that the penalties for violation are adequate to restrain prospective offenders, that the penalties be enforced, impartially and without fail, and that the enforcing authority is clear and definite.

### *Labour Representation*

11. Labour should have representation on such government bodies as the Wartime Prices and Trade Board and National Selective Service.

### *Cost-of-Living Bonus*

12. It is recommended that the application of the cost-of-living bonus remain as at present provided. If any change is made from the present method of selective application to application on a more general basis, the adoption of one of the following would be necessary in order that equity be maintained:—

(a) A reduction in wage rates of an amount corresponding to the increased amount of the cost-of-living bonus, where a general increase had been granted prior to the effective date of the regulations;  
or

(b) An increase in wage rates to certain groups presently receiving the maximum cost-of-living bonus, where no such general increase has been granted.

The adoption of either (a) or (b) would not be acceptable to all groups concerned and would, therefore, not eliminate the criticism of the lack of uniformity in the cost-of-living bonus. Any change which results in uniform payment of the maximum cost-of-living bonus will have an inflationary effect.

Hearing adjourned until 2.30 p.m.

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Pursuant to adjournment the hearing was resumed.

The CHAIRMAN: Mr. Beatty we are on your brief. Will you continue.

Mr. BEATTY:

### *Factors Governing Wage Rates*

13. Wage rates in a free economy have always tended to vary as between provinces, urban and rural communities, and employers within a community, due to the interplay of a large number of factors which still exist to-day. An added and very important factor not normally present is the necessity of maintaining and attracting adequate work forces to produce the war goods for which there is plant capacity. Any broad ignoring of the peacetime factors which establish wage rates may for the period of a war, suppress the results of the free interplay of such factors, but it does not destroy them. Wage rates established without regard to these factors will result in undesirable and uneconomic situations after the war. It is, therefore, important to move wage-wise within as narrow areas of influence as possible.

The Montreal Board of Trade believes that the present wage policy, and interpretations made to date under it, offer sufficient opportunity to adjust any wage rates which are judged to be less than the average

community rate for comparable work. It is recognized that scope should be provided for exceptional cases such as where a whole community is paid less than a living wage, or when it is impossible to man an important war plant at former local community rates, but this discretion should be used sparingly.

Mr. COHEN: Is there anything in the order in council, so far as you recall, which makes it possible to deal with such cases where a whole community is paid less than a living wage, or is that a suggestion which you are making for implementation?

Mr. COMPLIN: I think the reply to that is that it goes on to say in respect of comparable localities as the Board may find.

The CHAIRMAN: Section 25, I think, is what Mr. Cohen is directing to. It is suggested there should be scope to provide for such exceptional cases as a whole community being paid less than the living wage, and so on.

Mr. COMPLIN: Yes in a locality which in the opinion of the Board warrants it.

The CHAIRMAN: There is some feeling that section 25 provides sufficient scope, but I do recall that in one or two of the presentations made earlier by labour organizations it was contended that there did not seem to be enough scope. It is a matter of interpretation of the order. I understand the Montreal Board of Trade contends there should be that scope if it is not there already.

Mr. BEATTY:

In any event, complete uniformity of wage rates whether within a community or a wider area would accomplish very little due to the difference in earnings, which would still result from differences in hours of work, overtime or shift payment, and the economic value of various combinations of welfare plans.

#### *Regional War Labour Boards*

14. As the majority of the members of the Montreal Board of Trade are "regional" employers, the Regional War Labour Board for Quebec has been the principal point of contact, although some members have business with other Regional Boards as well, as they carry on operations in more than one province.

The Regional War Labour Board for the Province of Quebec would, we believe, be in a position to render decisions more speedily and with more complete knowledge of all the factors involved if the following changes were made:—

- (a) There should be a full-time Executive Committee of the Board composed of a Chairman, a Deputy Chairman and two other members. The two members and the Deputy Chairman would be situated in Montreal. They would be authorized to render decisions on certain kinds of applications, perhaps governed by the number of employees involved; and to prepare other cases for decision by the full Board.
- (b) The full Board would continue to meet at intervals but the majority of meetings would be held in Montreal, meeting in Quebec City to be held only as cases in that area required, or at the convenience of the Chairman.
- (c) The full Board, in addition to dealing with the more important cases itself, would review decisions rendered by the Executive Committee.
- (d) The Board should be served by a staff technically qualified in the field of wage statistics and wage administration. In the interests of uniformity in the collection, compilation and analysis of wage and related data, the technical staff should perhaps operate as a direct sub-branch of the Wages Branch of the National Board.



15. Concerning the integrated effect of the ten War Labour Boards we recommend that an employer who operates in more than one province should be allowed to make application direct to the National Board with respect to determinations of rank of employees and with respect to such broadly applied welfare plans as vacations with pay, sick benefits, group insurance, etc. This is proposed because practically all employees with Dominion-wide interests, under the jurisdiction of Regional Boards, have had their normally co-ordinated, inter-provincial operations disrupted by a variance in the decisions in these matters of two or more Regional Boards.

### *Uniform Labour Code*

16. It is realized that many of the recommendations made in this brief with respect to labour relations require new legislation for implementation—a new labour code—which it has long been hoped would never become necessary. Presumably such a code should be made law under the War Measures Act, with provincial agreement, rather than await the fundamental legislative changes which would be required to produce the code as an act in itself, whether for Federal or Provincial applications. However, as the continued existence of such a code through times of peace would be desirable, preparation to this end should be made for appropriate legislative action which might contemplate the incorporation in the one statute of those provisions of the Industrial Disputes Investigation Act worth retaining as well as related articles of the Criminal Code. The Federal authorities should strive to secure enabling provincial enactments which would result finally in the application of a uniform code across Canada by provincial authority with the consequent cancellation of any conflicting and presently varying legislation.

The Montreal Board of Trade does not feel competent to determine what specific steps would be required and leaves this phase to the appropriate authorities.

### *Publicity to Legislation re Labour Relations*

17. Many employees, and indeed many employers, have appeared to lack knowledge of the requirements of present legislation governing labour relations, wages, the right to strike, and of the reasons why the payment of different amounts of cost of living bonus are justified. Consequently, a few labour organizers have been able to counsel actions and hold out promises which are incompatible with the facts. At the same time, employers have placed themselves in unfortunate positions. On the other hand, labour organizers and employers who have stated the law clearly and fairly are not always believed by employees. The distribution to all employees, through employers, of easily understood pamphlets and the posting of notices on employers' premises would assist generally in spreading knowledge and influencing action. The preparation of such material is judged to be the responsibility of the government.

The whole respectfully submitted.

The CHAIRMAN: Thank you very much.

Mr. WEATHERBEE: We as a Board wish to thank you for your very kind opinion of our brief.

The CHAIRMAN: It is very kind of you to tell us that.

*Dominion Communist Labour Total War Committee*

Mr. TIMOTHY BUCK: I am submitting this brief on behalf of the Dominion Communist Labour Total War Committee. Mr. Norman Freed, the Secretary, from Toronto, is with me, and Mr. Evariste Dube, president of the Quebec Committee. Mr. Dube will submit a supplementary brief dealing specifically with conditions in Quebec from the point of view of the Canadian worker.

*Mr. Chairman and Members of the Board:*

On behalf of the Communist-Labour Total War Committee movement of Canada I greet your decision to conduct this public inquiry into the problems of labour relations, wage policy and associated questions. It should help considerably towards the formulation of a realistic wages and general dominion labour policy. Such a policy is needed badly to unite the nation and help maintain uninterrupted production for the winning of the war.

To-day, it is the duty of every Canadian, of every class and party, to unite and strengthen our national war effort. The war situation is urgent. The historic victories of Tunisia and Stalingrad, the great air attacks upon Germany and Italy, and the Washington conference of Premier King, President Roosevelt and Winston Churchill warn us that we are at the eve of the invasion of fascist-held Europe.

Premier King correctly emphasized: "The key to victory is a partnership unbroken and unbreakable of the warrior and the worker. The warrior cannot fight without weapons, munitions, supplies and food produced by the worker. The worker of to-day cannot escape a return to serfdom save by the might of the armed forces."\*

One of the greatest assets of any country at war is a high morale on its home front. Especially now, with the high degree of mechanization of our armed services, it is essential to make the producers of the tools of war feel that they are a decisive factor in the country's war effort. To achieve this it is not enough to proclaim that "the battle lines run through the plants of the nation." It is necessary that the fighter on the industrial front should also be made fully conscious of the issues involved in this global conflict and should be treated by the government as a mature partner in a great undertaking.

The workers of Canada have written a proud chapter in the history of our country, and have played a decisive part in all the hard work and sacrifice which have resulted in the massive war effort on land and sea and in the air by our country. This inquiry can and should clear the road for still greater effort, sacrifice and achievement in the battle for production which is by no means over and which must continue until the complete defeat and surrender of Fascist Germany, Italy and Japan. The National War Labour Board is to be congratulated for having taken this important initial step.

*Labour Relations are Approaching a Crisis*

Too much time has already been lost. Attempts to evade the problem, to slur over it, to frustrate the modest aims of the trade union movement by complication of procedure and insistence upon technicalities have only provided a screen behind which labour-employer relationships have steadily deteriorated.

The situation in the country to-day, in the field of labour relations, is one of incipient crisis. One needs but to consider the number of the

\* Speech at the Convention of the American Federation of Labor, Toronto, Ontario, October 9, 1942.

disputes which have led to interrupting, or have threatened to interrupt, war production during recent months to realize that the need for a thorough-going revision of government labour policy is urgent.

### *The Source of the Crisis*

Failure to avert the number of disputes above mentioned, and to expeditiously settle them and thereby maintain our war production has been due primarily to the wage policy of the Dominion Government and to lack of effective legislation, machinery and methods of procedure, by which questions of wages, collective bargaining and other matters vital to all-out war production can be taken up and settled speedily and efficiently by negotiation.

The Communist movement has urged and continues to urge uninterrupted production. As we emphasized in our present national conference "Communists in Canada as throughout the United Nations, . . . condemn any policy which provokes stoppages of war production whether by strike, lock-out, or otherwise." But it must be emphasized that unless and until the wage and labour policies of the Dominion Government are brought into line with the needs of the situation the government itself will remain one of the worst offenders in this respect.

The problem of labour relations is a key problem in a nation at war. Problems of wages, working conditions and labour-management relations are of the highest national concern. The true interests of labour in winning the war are inseparable from the true interests of the nation and the rapid growth of labour organizations makes it particularly important that the problem of labour relations be dealt with in the light of national welfare. It is to the advantage of the community as a whole that methods be worked out to abolish the practice of dealing with wage questions and other problems of labour relationships by methods which end, far too often, in sharpened labour-management relations, frustration, lock-outs and strike action.

To this end the Communist-Labour Total War Committee movement urges a careful but unequivocal revision of the present labour policy of the Dominion Government, including its policy with respect to wages, with respect to collective bargaining, with respect to the participation of the labour movement in prosecution of the war effort, and in the policy and procedure followed by the Dominion Department of Labour in respect to conciliation and towards industrial relations in general.

### *The Wages Policy of the Dominion Government is Inequitable*

The present policy of the Dominion Government respecting wages was laid down in P.C. 8253 and the various amendments thereto which were consolidated in the new Wartime Wages Control Order P.C. 5963 of July, 1942. By this Order employers, save those in a narrow range specifically exempted, are forbidden to increase their basic scale of wage rates or change the terms of employment without the written authorization of a War Labour Board. The order specifically prescribes that "Wage increases may be authorized by a War Labour Board only if existing wage rates are found to be too low as compared with wages generally prevailing in the same or substantially similar occupations in a comparable area having regard to all the circumstances deemed by it, in its discretion, to be material."\*

The essential aim of the wage policy, laid down in P.C. 5963, was described recently by the Hon. Humphrey Mitchell, Minister of Labour, when he informed the members of the House of Commons that, after careful consideration it was decided that "steps must be taken to ensure that

\* *Labour Gazette* July, 1942—Official emphasis.



wages do not soar..." The Minister went on to explain that, in his opinion, such steps were necessary "because an unstable wage structure would render untenable a stabilized price level and would lead to inflation."\* We shall have more to say about that reasoning later in this brief. The point we wish to emphasize here is that the effects of the government wage policy are not accidental. As the Minister of Labour pointed out the policy was formulated "to ensure that wages do not soar." The objective of the wage policy laid down in P.C. 5963 is to prevent the raising of the basic wage levels in Canada."

Mr. COHEN: The statement you make there is not quite consistent with the statement you quote from the minister. You are making a distinction between the objective and the descriptive term laid down by the Minister of Labour.

Mr. BUCK: That is true. Perhaps it would have been advisable had I gone into that a little further. I am trying to emphasize the fact that the objective stated in 5963 can only lead to the understanding that its objective aim is to prevent the raising of basic wage levels. It is not denied that the National Board has authorized increases in its discretion.

Mr. COHEN: I do not think you need deal with that at any length.

Mr. BUCK:

In accord with that aim, wages were frozen at the levels existing in October, 1941. It was denied that the government intended to freeze subnormal wages at their low levels but such has been the case. Furthermore, the reason advanced by Regional War Labour Boards, the Department of Labour and Wartime Prices and Trade Board, for refusing to authorize wage increases in a number of cases, has been that such wage increases would endanger the entire scheme of wage-control. As the Executive Officers of the Canadian Congress of Labour pointed out in their annual submission to the Dominion Government in March with reference to the abortive efforts to secure an increased basic wage for the steel industry by negotiation:—

"While some wage levels in isolated cases have been adjusted the attitude adopted by the government in connection with the request for a basic rate of 55 cents per hour in the steel industry indicated that the government was unwilling to establish this rate, in spite of its low level, on the ground that this would make price control impossible and lead to inflation."†

In the course of the speech from which we have already quoted, the Minister of Labour took sharp issue with the claim that wages are frozen. He averred that the cost of living bonus provides for automatic adjustment:—

"It is being said on many sides," declared Mr. Mitchell, "that wages are frozen. Let me say without equivocation that wages are not frozen, because there is that bonus provision where the cost of living increases."‡

It is true that the Dominion Government's wage policy as laid down in P.C. 5963 provides for the payment of cost of living bonus to workers. It must be emphasized, however, that the bonus does not operate uniformly for all workers as might be assumed on the basis of Mr. Mitchell's statement. On the contrary, in line with the freezing of subnormal wages at levels below that necessary for a decent standard of life, the

\* *House of Commons Debates*, February 11, 1943, page 347.

† *Labour Gazette*, March, 1943—page 380.

‡ *House of Commons Debates*, February 11, 1943—page 348.

government's policy establishes inequitable differentials excluding those sections of the workers who need it most, from enjoyment of the full cost of living bonus.

P.C. 8253 prescribed that any increase in the cost of living subsequent to November 15 was to be met by a wartime cost of living bonus. It provided that no employer could commence the payment of such a bonus or change the amount of bonus already being paid except pursuant to general orders, issued quarterly, by the National War Labour Board.

Thus P.C. 8253 froze existing bonus payments as well as wages and ruled that those workers who had not yet secured a cost of living bonus should start from scratch on November 15, 1941, receiving a bonus only to the extent that the cost of living advanced beyond the index level at that date.

The relatively limited section of the workers who by virtue of their organized strength or other advantages had won the full cost of living bonus before October 24, 1941, continued to receive it, but the majority of workers were excluded from the full benefit. With the exception of a few groups of workers who have succeeded in securing the full bonus by order of the War Labour Board, these workers receive a cost of living bonus only in proportion to the increase in the cost of living since November 15, 1941. As a result of that we find the anomaly that while the full bonus is \$4.25 the majority of workers receive only sixty cents per week.

Mr. LALANDE: Would it be possible for you to quote any figure on the proportion of workers who in your estimation receive 60 cents?

Mr. BUCK: I am sorry I have not the exact figures. They are very difficult to get, but in my estimation considerably less than one-third of the wage and salary earners in Canada are receiving the full bonus.

Furthermore, the regulation provides that "male employees under twenty-one years of age and female workers employed at basic wage rates of less than twenty-five dollars per week shall not be paid twenty-five cents per week for each point rise in the cost of living index but only one per cent of their basic weekly wage rates." Thus a woman worker employed at 35 cents per hour and working a basic week of 48 hours is entitled to less than 17 cents per point instead of 25 cents. If she works in a plant where no cost of living bonus was paid before the promulgation of P.C. 8253 she receives the munificent sum of 42 cents per week to help her meet the substantial increase in the prices of necessities since 1939. If her basic wage rate is twenty-five cents per hour, and there are thousands of workers in that category, her cost of living bonus amounts to 30 cents a week or less. There are thousands of workers in Canadian industry, particularly in the Province of Quebec, for whom that represents the sole increase over the rates paid upon their jobs in 1939.

As a result of the policy indicated above, and the inflexibility of the Department of Labour in its enforcement, large numbers of Canadian workers are still condemned to earnings lower than the amount which is quite generally acknowledged to be necessary. Even among the workers covered by National Unemployment Insurance, from which several of the lowest paid groups of workers are excluded, we find that almost a third of all workers registered, were working when registered for wages of \$20 per week or less.

Mr. COHEN: What are some of the low paid groups which in your opinion are excluded from the national insurance?

Mr. BUCK: Service workers, agricultural workers, workers in fruit districts, and so on.

Mr. COHEN: Are they covered by P.C. 5963?

Mr. BUCK: P.C. 5963 does not exempt.

The CHAIRMAN: I think they are.

Mr. LALANDE: I think domestic workers and agricultural workers are exempt from the unemployment insurance regulations.

The CHAIRMAN: Yes, but not from P.C. 5963.

Mr. BUCK: To continue:—

The plight of women and young people in industry is aggravated intensely by the government wage policy. The mass unemployment during the decade preceding the war enabled employers to depress the wages of women workers and young people in unorganized industries and little or no change of those depressed standards had been effected when the wage-freezing order went into effect in November, 1941. Thus, tens of thousands of working people still labour for wages of twenty-five cents per hour or less. In the textile and knitted goods industries, particularly in the Province of Quebec, even lower wages are paid. Thousands of female workers are employed at wages of less than twelve dollars per week. In some cases machinists' wages are frozen at fifty and sixty cents per hour. It should be noted that practically all the workers in these low wage areas are excluded from the benefit of the full cost of living bonus.

Mr. COHEN: Just as a matter of information, those employed for domestic service in private homes are not included in P.C. 5963.

Mr. BUCK: But agricultural and farm workers are.

Mr. COHEN: Yes?

Mr. BUCK:

It is a striking commentary upon our wage system that, in certain areas of the Province of Quebec, tuberculosis and blindness, which in those areas are each traceable in great part to the chronically low standard of life, are more prevalent than in any other part of the North American continent.

Mr. LALANDE: Would you mind indicating precisely the area in the province of Quebec to which you are referring?

Mr. BUCK: I cannot indicate that precisely in such a way that it will stand up to argument here, but I can name the districts: Chicoutimi, Lake St. John, Three Rivers and Sherbrooke are among them. I took this information from Dr. Heagerty's report before the Committee on National Health Insurance.

Mr. LALANDE: Is that the committee of the House of Commons which sat during the present session?

Mr. BUCK: They are still sitting.

Mr. LALANDE: Are you basing this statement on Dr. Heagerty's report?

Mr. BUCK: Yes, on his statement to the Department of Pensions and National Health as to his finding that there is a direct relationship between this high incidence of tuberculosis and blindness, particularly in Quebec and New Brunswick. I think you will find it in bulletin No. 2.

Mr. COHEN: As a question of fact, and to keep the record straight, I find I was correct in my first assumption that agricultural workers are excluded from P.C. 5963.

Mr. BUCK: That does not bring into question the correctness of the statement I made that a large number of the lowest paid workers are excluded from the unemployment insurance. Even so, nearly one-third of all the workers



included are working for \$20 a week or less. If you will pardon me for saying so, what emphasizes it is that there are considerably more employees working for \$20 a week or less than are covered by the unemployment insurance.

This is a national problem and one that lies well within the scope of government labour policies since it involves both the question of adequate wages and working conditions in industry. Low wages are a major cause of ill-health in Canada and ill-health, to-day, robs the arsenals of the United Nations of great quantities of much needed ships, planes, tanks and guns.

In Appendix A attached to this brief we show that 44 per cent of Canada's workers received only 18.25 per cent of the aggregate income of wage and salary earners last year and that in this group there were 485,526 heads of families whose incomes averaged only \$17.46 per week.\*

In Appendix B attached to this brief detailed evidence is submitted which shows that sickness and accident are costing Canadian industry 3,500,000 man-working days every month—the equivalent of 2,700 heavy bombers or 4,500 cruiser tanks or hundreds of cargo and convoy ships—or of 100,000 men per year. It must be noted, of course, that inadequate wages are not the only cause of this. Lack of proper measures for the control of the health and safety of war workers is, all too frequently, an immediate cause of dispute between labour and management and government.\*\*

Is it to be wondered that workers become cynical concerning the government's anti-inflation and wage control policy when they read or hear about so-called "Dollar a Year" men receiving a hundred and twenty-five dollars per week and then trying to avoid payment of income tax upon it on the ground that it is solely for "living expenses".

There is a crying contradiction between the correct words uttered by Premier King at the A.F. of L. convention and the principles enunciated in P.C. 2865 and the policies and practices of the Federal Department of Labour under Hon. Humphrey Mitchell's direction.

It is not without cause that the Quebec Provincial Federation of Labour memorandum, to the preliminary conference which preceded this inquiry, declared that "the workers are fed up". They are not disloyal, and by far the greatest majority of them would gladly support the pledge given by the leaders of the International Trade Union movement to avoid using the strike in wartime. But their patience has been tried beyond endurance. When they avoid precipitate action, they find their forbearance mistaken for weakness.

*The Dominion Government Wage Policy Should Be Based Upon the Interests of the Nation as a Whole*

The question of regulating wages and of wage adjustments should be approached from the point of view of securing the highest degree of co-operation and the highest degree of efficiency, that is to say the most efficient working forces for national production.

A correct wage policy will contribute to the securing of uninterrupted, maximum war production because it will take into account the needs and interests of labour—which is the prime mover in the productive processes. Such a policy would be to the advantage of the nation as a whole as

\* See Appendix A.

\*\* See Appendix B.

well as of the working people. The effort to secure such a wage policy is part of our national effort to win the war. As a contribution towards the elaboration of such a policy we propose the following changes:—

(a) *Eliminate the Differential in the Cost of Living Bonus Payments*

Mr. COHEN: You say "eliminate the differential." I should like you to be specific. There are two ways of eliminating the differential.

Mr. LALANDE: The brief goes on to explain.

Mr. BUCK: Of course I would personally eliminate the differential by paying everybody a full cost of living bonus, as I explain in the brief.

The effect of the Wartime Wages Control Order at present is anomalous and unfair. Under its provisions the majority of Canadian workers are excluded from the benefit of the full cost of living bonus. Those whose weekly incomes are lowest, whose basic wages have not increased appreciably since 1939 and who, therefore, need the cost of living bonus most acutely, receive only 60 cents per week or less. We propose that this anomaly be abolished. Section 34 of the Wartime Wage Control Order should be repealed or amended to provide that every worker shall be eligible for the full cost of living bonus.

(b) *Wages Should Be Adequate for Taxes and Health*

Any consideration of wage policy today, compels recognition of the fact that taxation has become an important factor, conditioning the standard of living of those married Canadians with families whose incomes are only \$1,200 per year or less. This fact is particularly important because about half of all the married men with families are in that category.

The effect of taxation upon the lives of people with small incomes is fundamentally different from its effect upon those with incomes of say, \$3,000 per year and over. For the latter group taxation means reduced purchasing power; it does not, however, reduce their purchasing power to the point where the quality and amount of food upon the family table is affected.

In the case of people with small incomes, taxation does have that effect in many cases. Indeed, increased taxation without increased wages must tend to reduce the amount of essential foods consumed by the families of workers who receive \$20 per week or less.

Similarly with the deduction from the wages of a married man who earns \$35. If he has two children his earnings are no more than sufficient to provide them with a very modest standard of life. It is self-evident, therefore, that the sum of \$2.50 which is deducted from his wages each week to cover income tax and compulsory savings, must be reflected in decreased purchase of things which the family should have.

Another feature of tax policy which is of great importance in relation to wage policy is the fact that income tax levied upon relatively small incomes tends to penalize efforts to increase earnings.

Thus, for example, a single man without dependents whose weekly wage without overtime is \$25 receives \$19.75 after deductions for income tax and compulsory savings. He may very well be deterred from working the overtime which would increase his weekly earnings to \$35, by the fact that because of the increased deductions the increase in his pay envelope for the additional twenty hours, would be only \$5.75. Five dollars and seventy-five cents is not much to take home for twenty hours work, especially when the worker receives no receipt for the amount deducted as compulsory savings. The majority of workers are extremely

skeptical about their prospect of ever collecting this money. To them the entire "deduction" is simply so much taken out of their pay envelope; it makes a substantial difference to the amount they receive as may be seen by the following:

TOTAL DEDUCTION PER WEEK—FIGURES IN BRACKETS  
= COMPULSORY SAVINGS

Weekly Wage	Single Man	Married Man No Dependents	Married Man 2 Dependents
\$25.00 .....	5.25 (1.90)	1.20 (0.60)	0.65 (0.32)
35.00 .....	9.50 (2.65)	6.40 (3.20)	2.50 (1.25)
40.00 .....	11.65 (3.05)	8.50 (3.80)	4.55 (2.30)
50.00 .....	15.90 (3.80)	12.70 (4.75)	8.75 (4.40)

In addition to these amounts the taxpaying wage earner must make additional payments during this year equal to one-sixth of his total income tax for 1942. It is self-evident that thousands of wage and salary earners whose incomes have not changed appreciably since 1939 are now taking home less money each pay day than they did before the war.

The unpopularity of this heavy taxation does not reflect unwillingness of wage earners to accept sacrifices to win the war but, rather, the widespread opinion that it is inequitable.

Workers recognize that the Dominion Government must get the money now. But they know that the government is pledged to refund twenty per cent of the money being collected from corporations as excess profits. This twenty per cent may easily amount to hundreds of millions of dollars if the war is protracted and will be payable to corporations which are now maintaining dividends and building up reserves while increasing their capital investment and the productive capacity of their plants out of profits. Workers argue, correctly, that if it is justifiable for the government to refund twenty per cent of all excess profits tax payments in such circumstances, then the government should refund the additional money now being taken as income tax from people with small incomes.

Mr. LALANDE: To say that plant productivity is built up out of profits is rather an incomplete statement, because unless the War Contracts Depreciation Board has permitted depreciation at a higher rate than the usual peacetime rate of depreciation, the situation is not changed. There is no building up of plant productivity out of profits.

Mr. BUCK: Of course the workers do not see or do not notice corporations which do not expand out of profits, but their attention is drawn by a dozen different things to the large number of corporations who are expanding their productivity out of profits.

Mr. LALANDE: I made that remark merely to add a footnote to your brief.

Mr. BUCK: I agree with you that your comment is legitimate, and perhaps a footnote should be put in to that extent.

Mr. LALANDE: It is my own footnote.

Mr. BUCK: I would like you to understand that this is a serious point with a large number of workers, because they do see these plants extending their productivity out of their profits.

This is not to suggest that government revenue should be reduced or that the government should collect less from such groups at the moment. What is suggested is that dominion fiscal policy, as applied to low income groups, should be based frankly upon the principle that its main function is to secure governmental revenue and reduce immediately effective purchasing power—but to achieve that without penalizing wage earner for working overtime.



The prime objective of the government's wartime fiscal policy, in its application to low income groups, could be achieved more efficiently than at present by making a considerably larger proportion of the moneys deducted from wages and salaries refundable after the war. These moneys are, in principle and nearly always in fact, moneys which would under normal conditions have been spent upon household or family needs. Deducted as savings, they have the specific character, imposed by the war, of "deferred purchasing power". All deductions from wages and salaries which are below the pre-war level of taxable income and a very much larger proportion than at present of all deductions from wages and salaries up to \$2,500 per year should be refundable, after the war, as "deferred purchasing power". The wage or salary earner from whose earnings deductions are made should receive some form of official receipt for this money and there should be an officially stated time in relationship to the end of the war when it will be possible to turn in the receipts and receive the money in the same way that a person may cash war saving certificates when they are due.

By such a method the government could secure the same amount of revenue, and withdraw the same amount of money from circulation as at present, while helping people in the low income groups to build up a valuable cushion against the danger of unemployment in the postwar transition period.

#### (c) *Wages and the Cost of Living Index*

The labour movement cannot accept the principle that the weekly earnings of workers should go up and down with the Dominion Bureau of Statistics' cost of living index as a permanent rule except at the risk of nullifying its own important role in the life of the nation.

Such a rule, a basic feature of the Dominion Government's present wage policy, assumes that wages and living standards are now adequate—that the working people are getting all that they are entitled to. Such is not the case. Secondly, tying wages to the cost of living index not only robs the working people of the increased wages that they would otherwise be able to gain as a result of the tremendous increase in their productivity and their stronger bargaining power, it also provides for actual reduction of their present rate of earnings when the wartime regulation ceases to operate—even while it operates in the event that the government succeeds in lowering the cost of living index.

The position of the labour movement is that the working people of the nation are entitled to a larger proportion of the national income and that as modern machinery makes increased productivity possible, the income of the working people should increase also.

To-day, in their desire to help win the war, Canadian workers are prepared to forego a great many of the immediate advantages that they might otherwise secure. They are willing to have their wages, and the methods of adjusting wages, regulated by law as a part of the general regulation of the nation's economy and they are willing to accept a cost of living bonus in lieu of frequent wage adjustments.

Working people will not remain satisfied with such arrangements, however, unless two conditions are met.

The first is that the cost of living index and the figures upon which it is based must coincide with their own experience and the expenditures that working-class housewives have to make. This is not the case at the present time. It costs the average Canadian housewife more to provide for her family than the index suggests. The index ignores the marked

variations in different parts of the country, it ignores several of the foods, particularly fresh fruits, fresh vegetables, cod liver oil, which mothers properly want their children to have.

### *The Cost of Living Index*

When basic wage rates are controlled and increases forbidden except in special cases, the payment of a cost of living bonus to protect the basic standard of living of the workers, is necessary and commendable. If the country is to be organized for an all-out war effort, it follows that a general improvement in the standards of living above what is necessary to maximum production cannot take place. Elimination of luxuries is a necessary sacrifice to the war effort. While recognizing that fact, however, workers resent the fact that they and people living on small salaries are compelled, by restriction of purchasing power, to do without many things that are available for others. Their attitude is that if there is to be restriction of consumption it should be by rationing—not by penalizing the working people. Furthermore, if it is decided that war-time control of the nation's economy necessitates a cost of living bonus as a substitute for the increased basic wage rates that workers could otherwise expect, then the cost of living bonus must be based on an equitably constructed index. Appendix C attached to this brief shows that in some ways the official cost of living index for Canada is not an adequate measure of the increased costs in the basic standard of living.

Mr. COHEN: Can you tell us in a word what appendix C deals with?

Mr. BUCK: I have included a couple of paragraphs in this part.

Mr. COHEN: I was wondering if anybody is going to point to the fact that the index is based on a typical pre-war family expenditure of \$1,414, and that to the extent that a family enjoys less than that, the weights used in that index are wrong.

Mr. BUCK: That is a point we are making.

The index is based upon an average income higher than the income of the great majority of Canadian wage earners. As a result the index does not reflect the increased cost of food to the same extent that this increase affects wage earners. Further, as is shown in the Appendix, there has been a tendency to stabilize the index in part by retaining in it the fixed prices of things which are not available or available in very limited quantities and by ignoring increases in the prices of things that almost everybody buys, for example, cigarettes.

If I may disgress for one second to explain that: the Minister of Finance, Mr. Ilsley, points out that the reason why the latest increase in taxation on cigarettes was not included in the cost of living index was that he does not believe that cigarettes are a necessity. But the fact is that practically all workers buy them, even though they go short of what some people may consider necessities. We cannot say, therefore, that the cost of living index is correct if it ignores the things that working people buy.

Mr. LALANDE: I suppose they could start rolling their own.

Mr. BUCK: Many of them do.

The cost of living index should be based upon the prices of *all* the needs of Canadian wage earners and it should be constructed on the basis of the average income of the workers whose purchasing power is to be directly affected by any changes in the index.

If I may digress again, I deliberately placed the treatment of the index in the appendix along with the treatment of health and wages, because the brief is long, and I believed it was somewhat technical and would be better studied at leisure.

(d) *Establish a Floor for Canadian Wages*

There is a real need in Canada for establishment of a definite minimum as the weekly wage necessary to maintain a decent, a Canadian, standard of life.

The trade union movement has urged for years that a national minimum wage of \$25 per week should be established in Canada. It is not without significance that the 1,439 families selected by the Dominion Bureau of Statistics as the typical families upon whose expenditures the official cost of living index is based, spent an average of \$27.38 per week in 1938 upon the items included in the index although those items do not include everything considered necessary by other authorities. It is noteworthy also that when the Hon. Humphrey Mitchell, Minister of Labour, explained to the members of the House of Commons the effect of the cost of living bonus upon wages he used "by way of illustration" the example a worker receiving fifty cents per hour plus full cost of living bonus of nine cents per hour. Fifty cents per hour, plus cost of living bonus, is a very modest wage, but if the standard selected by the Minister of Labour to illustrate his point is accepted as a reasonable minimum, the minimum wage level for adult workers in Canada today should be twenty-eight dollars per week of forty-eight hours. How far we are from such a modest standard at present may be illustrated by the fact that the average rate of salary and wage income of all the workers employed in the eight leading industries of the country in 1942, *including the earnings of the paid members of management and supervisory staffs, the most highly skilled workers and overtime*, averaged only about \$28.50 per week.

Mr. LALANDE: Where is that taken from?

Mr. BUCK: *Financial Post, Business Year Book*, from the Dominion Bureau of Statistics figures.

Mr. COHEN: We had some figures earlier this week from Mr. Donald Gordon of the Wartime Prices and Trade Board. They do not differ very much from the figures you suggest there. I want to make it clear that these include all salaries.

Mr. BUCK: Yes, all salaries.

Mr. COHEN: It includes salaries paid in mining companies, banks, and so on.

Mr. BUCK: The Dominion Bureau of Statistics keep a record of salaries, embracing all salary payments regardless of the rate of salary or the function of the officer, and including the general manager. It is an all-inclusive and general average.

Whether or not it is practicable for the Board to recommend that subnormal wages should be adjusted up to the level of 50 cents per hour, it is necessary, in the interest of the health and well-being of millions of Canadians, that the hourly rate of 55 cents and weekly earnings of not less than \$25 be established as the "base line" in Canada's wage structure below which the wage control regulations should not operate. We suggest that the Wartime Wage Control Order be amended to that effect.



If I may digress again to add something to the answer I gave to Mr. Cohen, I would like to point out that the various figures which are quoted regarding average wages were taken from eight leading industries. The Dominion Bureau of Statistics gave us a figure at the present time of \$30 a week, which included agricultural workers; 3,073,000 workers employed on wages or salaries worked out from the sum total give an aggregate payment of \$26.15 per week. I took the liberty of removing from that group the 160,000 who had salaries of \$3,000 a year or more, and I find that then I get a figure of \$22.93 per week. It must be understood that when we speak of average earnings they apply in each case to very specific groups.

*(e) Wage Policy Should Provide an Incentive to Increase Production*

To help develop Canadian production to its full capacity the government's wage policy must provide incentive to increased effort as well as the amount of money necessary to support a decent standard of life.

There is need in Canada to-day for recognition of the principle of increased wages with increased production.

Had this principle been recognized earlier practically all Canadian workers, certainly all those employed in the war industries, would now be receiving considerably higher wages and war production would be even greater than it is now. In several industries, including some of the decisive war industries, production per labour hour has increased tremendously.

One of the clearest illustrations of this fact is to be seen on the railways which, in 1942, moved 75 per cent more freight than in 1939 without increasing the number of workers employed. Similar increases are to be seen in the shipyards, and practically all munition plants. The Hon. C. D. Howe stated at Sherbrooke, Quebec, on Monday, May 10, that munitions are being produced in Canada at lower cost than in Britain or the United States. On the 12th of May he stated in the House of Commons that shipbuilding costs, also, are lower in Canada than in Britain and the United States.

Mr. COHEN: May 12th of what year.

Mr. BUCK: May 12th of this year.

Such increased productivity, achieved by collective efforts to cut down the time required for each operation, to eliminate idle time, in brief to systematize and speed up the productive processes, also involves considerably greater exertion, more intensive application, and consequently increased strain upon the workers.

With increased production the income of most corporations is considerably higher. While part of this increased income is taken by the Dominion Government through the excess profits tax the dividend rate continues to rise. The index of dividend payments compiled by Nesbitt Thomson and Company Limited shows the following trend:—

	1943	1942	1941	Average for 1926
January .....	122.5	121.3	119.5	100
February .....	122.3	121.3	120.0	100
March .....	122.1	121.1	121.0	100
April .....	122.0	121.0	121.2	100
May .....	.....	120.9	120.4	100
June .....	.....	121.8	119.6	100
July .....	.....	122.6	118.8	100
August .....	.....	123.5	118.9	100
September .....	.....	123.5	118.7	100
October .....	.....	123.3	118.5	100
November .....	.....	123.1	119.3	100
December .....	.....	122.7	120.3	100

That shows that if we take payment for 1926 as 100, the average dividend payment for January, 1941, is 119·5; for 1942, 121·3; for 1943, 122·5; they have fallen from January to 122, half a point. I know they have risen again in May until they have passed the figure in January.

Mr. LALANDE: Are these percentages based on the gross dividend payments?

Mr. BUCK: Yes, dividend payments before personal income tax.

Mr. LALANDE: It is the total amount of money paid out in corporate dividends?

Mr. BUCK: Yes.

Mr. LALANDE: You realize that there has been an increase in the total corporate capacity to earn dividends since 1926?

Mr. BUCK: Yes, there is a tremendous increase, and practically all of it paid out in profits. Some years ago I appeared before the Sirois commission and submitted a brief which dealt with this rather fully. It showed that the amount of corporate earnings that was being ploughed back into industry sometimes exceeded the amount paid out as dividends, and the stock increased by that amount.

The CHAIRMAN: When do you get a profit?

Mr. BUCK: When your selling price exceeds what it costs, profits including taxation.

The CHAIRMAN: Do you get a profit before you get your money back?

Mr. BUCK: It is impossible to determine whether every investor is receiving his money back out of the corporation. You can only judge the profits by the amount that the corporation has year by year above its expenditures.

Mr. COHEN: A man feels that his money is there working for him.

Mr. BUCK: In political economy, profit is a specific factor out of every turnover, regardless of whether you have your investment back or not.

Mr. COHEN: You are getting pretty far afield on that one. I take it your emphasis is that the first charge on private industry is to take care of the workers.

Mr. BUCK: That is my main point, and my point in connection with this table is that the main body of the corporations in Canada have been able to maintain their dividend rate, and it has advanced slightly. That has been done in addition to increased taxation, money used for expansion of productive capacity; and that has been passed on as the result of increased productivity to the directors.

The CHAIRMAN: Would you happen to have the average for 1929?

Mr. BUCK: I have not got it here. I could have it worked out. I took the Nesbitt-Thomson index for 1926.

In addition to maintaining their dividends a large number of big corporations are also setting aside millions of dollars to reserves, to the amounts set aside for depreciation and to undistributed profits. Hundreds of millions of dollars are being ploughed back into industry, increasing the value of the investment for the stockholders. In addition, it must be borne in mind, 20 per cent of the amount paid to the government as excess profits tax will be returned by the government after the war.

The following are only a few of the many examples that could be quoted to illustrate this:—

## PROFITS OF FIVE CANADIAN COMPANIES

	Figures in Millions of Dollars		
	1937	1939	1942
Bell Telephone—			
Net profit after taxes .....	6.1	6.5	7.3
Set aside for depreciation .....	7.6	7.7	8.7
Refundable portion of Excess Profits Tax payment .....	....	....	0.7
Aluminum Co. of Canada—			
Net profit after taxes .....	7.9	14.8	13.9
Set aside for depreciation .....	1.3	2.6	46.3
Refundable portion of Excess Profits Tax payment .....	....	....	0.2
International Nickel—			
Net profit after taxes .....	50.3	36.8	35.9*
Set aside for depreciation .....	7.0	7.3	14.4*
War contingencies provision .....	....	....	3.3*
Refundable from E.P.T. payments .....	....	....	0.7*
Steel Co. of Canada—			
Net profits after taxes .....	4.2	4.7	4.8
Set aside for depreciation .....	1.6	1.6	4.6
Refundable from E.P.T. payments .....	....	....	0.6
Ford Co. of Canada			
Net profit after taxes .....	3.8	3.0	3.2
Set aside for depreciation .....	0.6	1.0	4.5
Refundable from E.P.T. payments .....	....	....	0.5

\* Converted from U.S. dollars at 10% premium.

MR. LALANDE: These profits that are being ploughed back into the industry have been taxed?

MR. BUCK: Yes, obviously a corporation cannot re-invest its profits until after taxation, although it may get a special dispensation in connection with depreciation which reduces that. The point is that in considering the absolute proportion of the production which goes into wages, and the absolute proportion which goes to the benefit of the corporation and its owners, the advantage until now has been with the corporations and their owners.

MR. COHEN: All this appears in your main heading "Wage policy should provide an incentive to increase production"?

MR. BUCK: Yes. The main point is that industry can afford to pay. I have quoted the profits of five important companies here. In each case there is evidence of a marked increase in earnings and net profits after taxation during the last three years.

Workers consider, with justification, that they should receive increased compensation commensurate with their increased productivity. The record of profits, dividend payments and the tremendous reserves being built up testify to the fact that Canadian industry could pay increased wages easily.

It is clear that, if the workers are to have sustained confidence in the government's wage policy, wages must maintain the rate of reward for effort exerted. As production goes up earnings should increase correspondingly. The best wage policy is one that provides an incentive to increase production.

President Roosevelt himself has urged, at least by implication, that workers should benefit from increased productivity. President Roosevelt argues, correctly, that increases granted under such conditions would not



be an inflationary factor. In editorial comment upon this question the *New York Journal of Commerce* expressed the following opinion on April 5th of this year:—

“A question does arise however, whether incentive compensation adds to the inflation danger. . . Careful consideration of all the facts indicates that such fears are without basis. . . When they are well planned and administered, incentive wage plans expand total production. The expansion of armament output is an end that transcends all other considerations in time of war, and no other factor should be allowed to stand in the way of this paramount objective. Increased production of civilian goods because of these wage plans cannot add to inflation, for the supply of goods is increased along with the total of purchasing power. . .”

It must be emphasized, however, that the labour movement will not accept an incentive wage system on the basis utilized by the “efficiency experts” as a means of individual speed-up and the break-down of trade union conditions.

What is required is that the general level of earnings in a plant, or for building of a ship's hull, should reflect the increase achieved in production. Experience in both Britain and the United States has demonstrated the readiness of the trade unions to cooperate in the development of a system of incentive payments once they are satisfied that such payments are not to be used to undermine existing conditions and basic wage standards.

Labour is the most important single factor in the nation's productive effort. Adequate wage rates, with the established possibility of securing justified improvements in wages and working conditions are essential to national welfare.

This is not merely a matter of providing sufficient purchasing power for the working people, although that is of vital importance. Workers should be able, also, to earn enough to enable them to accumulate some modest savings against the danger of unemployment—a danger which is being brought home to them vividly, to-day, by the threatened mass layoffs in several war industries.

Of equal importance is the need to ensure that labour shall have confidence that government legislation, machinery and methods provide the possibility for labour to secure the improvements in wages and conditions of work to which its efforts in production entitle it. Indeed, that is the decisive need. The alternative to that would be reversion to the situation in which labour depends solely upon its organized power and disputes are settled by a test of strength. It is unthinkable that the Dominion Government would permit such a development.

(f) *Wartime Economic Policy and the Fight Against Inflation*

The labour movement is aware of the evils of inflation. Its responsible leaders and spokesmen will give support to the policies and measures necessary to counteract the inflationary tendencies now present in our wartime economy.

Working people are acutely conscious of the fact that the first and chief sufferers from inflation are the families of wage earners and those who have to eke out a living upon small salaries, pensions or other fixed income. The leaders of the trade union movement know by the experience of workers in other countries that, in the vicious cycle of inflationary development, wages always trail behind rising prices. Should there be a runaway inflationary development in Canada, working people, members

of the urban middle classes and farmers would suffer disastrous consequences. It is natural, therefore, that the labour movement supports the anti-inflation aims of the Dominion Government.

But it must be stated that the actual, immediate danger of inflation in Canada is being grossly exaggerated and the labour movement cannot accept some of the fantastic explanations being advanced by government spokesmen as to where the danger of an inflationary crisis lies.

The labour movement rejects the statements being made by certain spokesmen of the government and widely popularized in the press to the effect that the main danger of inflation in Canada to-day lies in the demands for wage increases. On the basis of this false theory P.C. 5963 forbids the raising of wage levels which in certain areas and industries, especially in the Province of Quebec, are too low to provide a decent standard of life.

The arguments of governmental spokesmen against wage increases rest on the premises that high wages are the cause of inflation. Sometimes it is conceded that there may be other causes in addition to high wages, but the main attention is directed to the carefully fostered sophism that wage increases, even of subnormal wages, would endanger the whole financial structure.

Mr. LALANDE: I do not know of any governmental spokesman who has argued that the raising of subnormal wages would endanger the financial structure of the country. On the contrary, the government policy as expressed in P.C. 5963 permits the raising of sub-standard wages.

Mr. BUCK: If in your opinion they are below those prevailing in that district.

Mr. LALANDE: Or a comparable one.

Mr. BUCK: But when a whole industry or whole district is sub-standard; take for example the textile industry.

Mr. LALANDE: I am trying to relate your conclusion to the first line of that paragraph.

Mr. BUCK: I will agree with you it would have been advantageous if I had gone to greater length in dealing with this, but I think the truth of it is unquestionable. I will quote from government spokesmen on my next page. I think the truth is unquestionable in the sense that P.C. 5963 specifies not that they shall be raised only in certain circumstances, but that they shall not be raised. It does not say that the low wage areas can be raised to the level of the high wage areas, but that they must be judged on the prevailing rates in that area, or in that industry, or a comparable one.

The first argument, usually used by the Wartime Prices and Trade Board, is essentially that any increase in wages automatically increases production costs and therefore prices. Two quotations from speeches of Mr. Donald Gordon, Chairman of the Wartime Prices and Trade Board, will suffice to illustrate the use of this argument.

"Control of price obviously requires also control of costs of production. One of the chief items in costs is wages and, as you know, one of the main elements of the government's anti-inflation policy is the stabilization of wages."\*

"Consequently it seems to me that despite your instinctive feeling that certain adjustments should be granted, you must consider each case in the light of the fact that every time a wage increase is granted a cost goes up, and if a cost goes up the pressure against the price ceiling is intensified."\*\*

\* Speech before the Canadian Club of Montreal, March 20, 1943.

\*\* Remarks to the plenary meeting of the National War Labour Board.

Mr. LALANDE: Again these quotations do not support squarely your statement that government spokesmen have argued that the raising of sub-standard wages would endanger the financial structure of the country.

Mr. BUCK: I have the quotations of the two spokesmen I have read from, Mr. Donald Gordon and the Hon. Humphrey Mitchell, and they do very strongly support it. Mr. Gordon dealt specifically with prices, and Mr. Mitchell specifically with inflation. Both are government spokesmen, and it must be assumed they define the government policy.

Mr. LALANDE: It is a matter of interpretation, I suppose.

Mr. BUCK: Yes.

The fallacy of this argument will be exposed in more detail later. Here it is enough to point out that it ignores the following vital facts:

- (1) that the wages received by workers do not determine the prices of the commodities that they produce. Prices are determined in Canada at the present time by the Wartime Prices and Trade Board. Insofar as wages affect the cost of production it should be noted that increased wage rates often lower unit labour costs through increased productivity, as was demonstrated by the Ford Motor Company for years before the war. This point of view is supported by no less an authority than Mr. Isador Lubin, Chief of the United States Bureau of Labour Statistics, in the following unequivocal words:

" . . . higher wages do not necessarily mean a proportionate increase in the cost of the product. In other words a ten per cent increase in wages does not mean a ten per cent increase in cost. That ought to be self-evident, because labour costs are only one factor in total costs, which include taxes, rent, insurance, interest, raw materials, equipment, transportation, and so on. The actual cost of labour in terms of total cost is likely to run anywhere from eight per cent to sixty per cent depending upon the type of product made.

"Even where people figure the share of wages in total costs correctly, they tend to forget that labour costs are not necessarily proportioned to wage rates, that an increase in wage rate may even mean a lower labour cost per unit. The Bureau of Labour Statistics has evidence of that in the detailed study it made of wage increases in several large manufacturing plants. These studies clearly showed that the actual labour costs per unit did not parallel increases in wage rates, and in some instances even went down . . . ."

- (2) that with increased output many plants have recently greatly reduced their unit overhead cost, thereby offsetting any higher unit labour cost that might result from moderate wage increases.
- (3) that the primary purpose of war-time organization of the nation's economy is to obtain the greatest possible production of essential goods. Success in maintaining low wage levels would not help win the war if it slowed up the needed expansion of production.
- (4) that, at present, the other side of the medal of the remarkably low production costs in Canadian industry is the low-wage level and under-nourishment suffered by large sections of Canadian workers.

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\* From article in *The Survey Graphic*, January, 1942.



The second argument, usually not so clearly stated as the first, is implied in the latter part of the second statement of Mr. Gordon's quoted above and has been used frequently in publications of the Department of Labour. Fundamentally it is the argument that, in the existing situation, any increase in wages expands the volume of purchasing power and endangers the price ceilings. The errors in that argument are (a) it ignores the main source of the danger of inflation, (b) it misrepresents the relationship between wages and prices, (c) it omits entirely to mention the fact that there are several other factors increasing the volume of purchasing power in the country which are far more important in their effects than wage increases, (d) it ignores the successful operation of price control during the past year and a half in the very conditions which government spokesmen say would be fatal.

Mr. COHEN: Why do you not include rationing in that?

Mr. BUCK: I will deal later with the relationship of rationing to that. I include price control.

Yet Mr. Humphrey Mitchell gave the blessing of official cabinet sponsorship to the false argument that wage increases are the main danger of inflation only a few weeks ago, when he told the members of the House of Commons that: "A series of increases in money wages would stimulate a series of further increases in prices and eventually lead to all the evil consequences of a runaway inflation."\* Somewhat further along in the same speech the minister tried to justify his opposition to wage increases by the argument that: "an unstable wage structure would render untenable a stabilized price level and would lead to inflation."

We must take issue with both those assertions. They are not correct. A great number of workers understand the principles of economic theory and know that those statements are erroneous. The Minister of Labour was badly advised in using them. The entire structure of misleading propaganda which they typify is false. It denies the role of wartime rationing, and price and trade control measures—indeed, it denies the need of them. The demoralizing propaganda that democracy cannot afford adequate wages to the working people is in conflict with modern economic theory and it is being contradicted every day by our own experience. Support of such propaganda by spokesmen of the government tends to weaken the confidence of serious-minded workers in the government's anti-inflation policy in general. It encourages a suspicion that the hard-faced resistance to justified wage increases is not really part of an integrated anti-inflation policy but, in fact, is part of an effort to avoid enforcement of a genuine anti-inflation policy on all sectors of the nation's economy. The systematic assertions that wages increases will make it impossible to maintain the price ceilings can only have the effect of providing arguments to justify higher prices all around in the event that wage increases are gained by the workers.

### *The Phenomenon of Inflation*

Even a cursory study of the phenomenon of inflation shows the weakness of the arguments of government spokesmen quoted above. What is inflation? There are numerous definitions, but for practical purposes we can say that the basic cause of inflation is a growing disparity between the total money and credit (purchasing power) in circulation in the country and the quantity of goods available to be purchased.

\* House of Commons Debates, February 11, 1943, p. 347.

Let us briefly review the record of inflation during and after the last war.

All warring countries and most neutrals experienced it in greater or lesser degree. The degree was determined almost entirely by the scale of government expenditures and the relative shortage of goods.

At the time there was no general appreciation of governmental responsibility to counter-balance the expansive force of huge government expenditures by restrictive fiscal measures. Only in Great Britain was a conscious and determined effort made. There twenty per cent of the cost of the war was met from taxation. In other countries the virtual economic illiteracy of both governments and peoples, and the lack of either political readiness or machinery for direct taxation prevented any fiscal attack on the problem. As money continued to be created and put into circulation, while goods got scarcer, prices began to go up. As a consequence governments took anti-hoarding measures—pegged rents, fixed prices for essential foods and other goods, appointed high cost of living commissioners—all inefficient measures because they dealt with symptoms alone instead of causes. As shortages grew and large groups of the population lacked the means to bid for what should have been their share of necessities at inflated prices, rationing schemes were introduced.

In Germany the price rise during the war was not extraordinary; only from 1 to  $2\frac{1}{2}$  by 1918. Only six per cent of the cost of the war was met from taxation. Although additional taxation had been deliberately avoided as long as possible, and the quasi-federal structure of the German empire hampered national action, the loan flotations were largely taken up from real savings. In the first two years of the war the loans were actually over-subscribed by the public. Only after that did the banks have to take up an increasing proportion.

But immediately after the war the cumulative effects of the credit expansion began to be felt. The blockade, the reparations deliveries, the partition of Silesia, the occupation of the Ruhr and the virtual collapse of production, increased the shortage of goods. Public confidence was gone, no more public savings were forthcoming to lend to the government, and the inflated budget had to be financed more and more by the creation of credit. The government turned to the printing presses for money. By March, 1920, the price level was seventeen times the pre-war figures. By the end of 1921 it had doubled again. By the end of 1922 it was 1,400 times the 1914 level. In June, 1923, 19,000 times, in July, 74,000 times, and in August, a million times. In September it was 24 million times; in October seven thousand million times, by December  $1\frac{1}{2}$  million millions. Then the new renten mark was introduced at the rate of one rentenmark to one thousand billion old marks. The fall in Germany's international purchasing power was even greater. At the end of 1919 the total issue of 41 billion marks had an exchange value of 11 billion dollars in gold. At the end of 1923 the issue of seventy-five million trillions of marks had an aggregate value of only 722 million gold marks or about a fifty-sixth as much.

Did wage rates have anything to do with the fantastic upheaval? The answer is an unequivocal no. In spite of the improved bargaining position of labour due to the man-power shortage, a trebling of union membership, and a relatively free hand, even during the war, for collective action, average real wages declined by 1923 to 65 per cent of the 1913 level. Furthermore wage increases consistently lagged behind cost of living increases. The lag during the period of the most rectic inflation reduced large groups to starvation. Men grabbed their wages and literally

ran to the nearest shop to convert them into goods. While wages were adjusted by a multiplier sometimes twice a week, shop prices were marked up two or three times a day. Interest rates rose to 20 per cent per day, but no one has ever suggested that creditors started the inflation.

There need be no doubt where labour stood on the question of inflation. When the Dawes Committee sat in Berlin, labour representatives were asked "What can this committee do for German labour". The answer of the trade union leaders was "Give us a stable currency".

Labour has good reason to object to the common practice of waving the German inflation experience before the nation and implying that wage increases would cause a similar type of development here. There is no historical evidence of such a relationship. The major inflationary cycles in world history, such as that following the Spanish looting of the Americas, can all be directly traced to alterations in the balances between money and goods. There is no evidence that wages caused the inflations during the American Revolution, the French Revolution, the American Civil War, the first World War, or the inflation in China to-day. Inflation has occurred in countries with well organized labour movements and in countries with completely agrarian non-industrial economies. In every case study of its causes show that the real source of inflation is the lack of balance between the quantity of money, plus the velocity of circulation, and the supply of goods—and the situation getting out of hand through governmental failure to establish adequate controls and to take up surplus purchasing power.

The surplus purchasing power is not necessarily derived from government expenditures. In the United States and Canada after the last war, and even to some extent in Germany, easy credit and large profits led to business expansion and expenditure which was similarly inflationary in character.

In Canada the last war saw the same pattern of inflation on a much more modest scale. The gold standard was suspended on the outbreak of war, and as a substitute for a central banking mechanism, the Finance Act of 1914 was enacted. Under this Act banks were enabled to rediscount Canadian government securities (at 5 per cent) and British securities (at  $3\frac{1}{2}$  per cent)—in other words, to obtain dominion notes for them. It seems clear that they were encouraged to do so by the government, and the basis for a substantial credit expansion was thus laid. By a combination of direct loans to the Canadian and British governments and, more importantly, by purchase of government securities and loans to industry, bank credit expanded by 125 per cent between 1916 and 1925. No check on the limits of bank expansion was provided by the government and the customary check of the limit of desirable loans is of course inoperative during an inflation. Inflation based on the greatly augmented and uncontrolled volume of credit available in Canada at that time rapidly got under way. Increases in taxation were too little and too late. While the public response to the loan issues was impressive, it failed to absorb the purchasing power being pumped out through the banks. In short, after loans and taxes, more money remained to be spent on less goods.

As prices went up the public was unanimous in condemning the high cost of living and the profiteer. The bankers, to whom the processes of banking and monetary policy seem to be obscure, explained that the higher price level had made necessary an expansion of credit. The fact is that exactly the opposite was the case. No one apparently had any



idea how the price rise came about and so, instead of attacking the root of the problem, there was the usual futile flutter of threats and price controls directed at the symptoms.

As pointed out in the Sirois Report this policy, or rather lack of policy, meant that the war was paid for by inequitable reductions in the real incomes of some sections of the community—in this case wage earners and individuals receiving fixed payments—largely to the advantage of those sharing in business profits. The large surpluses which the inflation created in the hands of a few assured the superficial success of the Victory Loan issues but as a nation we could not have devised a more expensive method of paying for the war.

Such is the character of the phenomenon of inflation. It is caused by development of disproportion in the relationship between the volume of money and credit in circulation and the quantity of commodities available for purchase. Rising prices, which are not the cause but a symptom of inflation, result from failure of the government to adopt effective measures to control prices and regulate distribution while absorbing surplus purchasing power.

### *The fight Against Inflation in Canada*

The danger of inflation in Canada, to-day, is an outgrowth of wartime economic policy.

It is now generally recognized that the war must be fought, in physical terms, with the men and munitions now in existence and being currently produced. The real cost is the current cost: It can be met only by increasing production—reducing civilian consumption meanwhile to permit the diversion of men and materials to war.

There is a financial counterpart to this. Just as the physical cost of war must be paid as we go, so the financial costs must be met from taxes and real savings, or the government is driven to create credit to meet its expenditures. Whether it creates the credit by turning on the printing presses or by borrowing from the banks the results are the same. More money finds its way into the hands of the public while less goods are available for purchase. If the public tries to spend this increasing volume of money for the limited supply of goods, competitive bidding puts up prices. In the ensuing scramble for the limited supply of goods it is the people with the most purchasing power, obviously, who can afford to bid up the prices and the others are left short. This is what everyone, with the exception of a few favourably placed and selfish groups, wants to avoid. But workers equally desire to make sure that the general agreement on this objective is not used as justification for quite irrelevant measures.

The objective of wartime economic policy is to bring about the greatest possible total volume of production while directing as much as possible of the productive forces of the country away from non-essential civilian to war production. For example, munitions production, not including military clothing, food and other consumers' goods, amounted to \$3,243 millions from the outbreak of the war to the end of 1942.\*

Restriction of civilian consumption is necessary primarily and basically to release labour, materials, equipment and power, for the production of war materials. That would be necessary even if the government were not concerned to combat inflation.

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\* Canada at War—April, 1943.

It is self-evident that, in such a situation, the national economy will be vulnerable to inflationary forces. The available supply of civilian goods tends to decrease as a result of the transfer of productive forces to war production and restrictive measures introduced by the government to limit production of non-essential goods while the volume of purchasing power in circulation is increased rapidly as a result of huge government spending.

The prime necessities in that situation is for the government to prevent the bidding up of prices by price control and to help ensure equitable distribution of the limited supply of consumer goods by strictly enforced rationing.

Mr. COHEN: Those two processes themselves will not do it?

Mr. BUCK: Not by themselves, but neither can you prevent the increase in prices without them.

Mr. COHEN: They are a necessary basis. I thought you were limiting your assertion to this basis.

Mr. BUCK: They are prime interests to this extent, that even with a certain amount of inflation, strict enforcement of price control and universal rationing will prevent prices increasing, as is to be seen in Great Britain, and as is to be seen in Canada in part, because we are not universally rationed.

Mr. LALANDE: It is one thing to speak of universal rationing and another thing to organize and establish it. It is a complicated and intricate task, particularly in a country as widespread as Canada.

Mr. BUCK: I agree with that, but I do not believe it is as complicated as waging war. It is only a part of waging the war, but without it the energy behind the war is not possible.

Mr. LALANDE: Meat was rationed to-day. We are moving in that direction.

Mr. BUCK: I want to do my modest bit in pressing that along.

Mr. COHEN: I suppose your point is that when there is a price control the issue of more purchasing power by way of wages only supplies new competitors for the goods that are available?

Mr. BUCK: It increases the capacity of the people who secure increased wages to compete for the goods which are available.

Mr. COHEN: If you have price control and rationing, and citizen A has two units of purchasing power, and citizen B only one, despite the price control and rationing the citizen with the increased purchasing power is enabled to buy the amount of products that the rationing system allocates to him?

Mr. BUCK: That is true.

Mr. COHEN: Whereas the citizens without the purchasing power is not there as a bidder for these goods.

Mr. BUCK: That is true. We believe that the government policy should be that citizen B will have two units with citizen A, and that will not endanger the price ceiling. To increase the purchasing power of those who do not have enough to buy the goods which are allocated to them would not increase the purchasing power of the country sufficiently to endanger the price ceiling.

Mr. COHEN: That is if we have price control and ensure distribution of the limited supply available?

Mr. BUCK: That is correct.

Mr. COHEN: In that case, to add to the purchasing power of the underpaid worker only puts him in the position of competing with the other members of society, and at least gives him a chance to get his share?

Mr. BUCK: That is true. Even increasing the wages of the lower paid groups would not increase the prices. The price control and rationing is proof that they can be maintained in the face of greater demand, even when it is greater than the amount of goods. We emphasize that it is absolutely correct to prevent that by a fiscal policy which aims at draining off as much as possible of the purchasing power through taxation, victory bonds or compulsory savings.

The CHAIRMAN: I suppose, Mr. Buck, the main difference between you and the philosophy of the others you are condemning is that a wage increase which adds to the national production is not inflationary?

Mr. BUCK: Yes.

The CHAIRMAN: That is what interests me. I wondered where we would reconcile the different ideas.

Mr. BUCK: The question of reconciliation will be the subject of discussion for a long time.

The CHAIRMAN: I am afraid so.

Mr. BUCK: The point is that studied objectively and independently of any class bias or group interests, we could take almost half the war earnings in Canada and find that that income is just a small part of the national income, and that increasing it even by 25 per cent would have a relatively slight effect upon the total spendable income of the people.

The CHAIRMAN: Somebody said that wages and salaries took up 60 per cent of it; somebody else said 85 per cent, and that is the difficulty. You are implying that it would not matter very much if you did certain things; that the effect would extend over a large number of people, but would not be substantial. Frankly I do not know, but the briefs that have been put before us have submitted that wages and salaries took up by far the largest part of the national income.

Mr. BUCK: According to the Dominion Bureau of Statistics the total wage and salary payments in the aggregate equal about 62 per cent of the income. That was some years ago. I have not seen the latest figures, but I assume the latest figure of 60 per cent is correct because of the great increase in production. Personally I have no desire to challenge the correctness of those figures. I have in this brief accepted the older figures of 62 per cent, but it must be borne in mind that the group of people included in that 62 per cent are not all wage earners getting a subnormal wage. It includes all wages and salaries, as I have mentioned before. We do not argue that we could increase all wages and salaries in Canada by 20 per cent without danger of inflation, but we argue that subnormal wage could be raised, that an incentive wage could be permitted if it increased production, and that generally speaking there could be a base line established without in any way aggravating the danger of inflation or endangering the price ceiling. We confidently put that forward, because we believe that this inquiry is designed to really grapple with these things.

Wartime experience has proved that both of these objectives can be achieved. Rationing and price control have proved effective in the United Kingdom. Despite acute shortages there, food prices have not increased as much as they have in Canada. Price control has also proved effective in Canada. Although the cost of living index rose more than fifteen points between August, 1939, and the establishment of price ceilings in November, 1941, the Index has risen only two points since then and that has been due to increases in the prices of goods for which no ceiling was established.



What is needed now is the rationing of all necessities, with variable rations to allow for the needs created by certain occupations, strict enforcement of price control with the use of subsidies where necessary.

The basic problem of war finances, while securing the necessary revenue to cover governmental expenditures, is to organize fiscal policy so as to achieve a balance between the effective demand for consumers goods and the limited supply.

The expansive forces in the national economy to-day are very powerful. The primary and by far the most important one is the huge governmental expenditure. Its effects are intensified by plant extensions and other methods of ploughing back profits into industry by big corporations and by the various forms of private speculative spending. These, not workingmen's wages, are the main sources of the danger of inflation in Canada to-day.

A measure of the great increase in money and credit (purchasing power) which has accompanied the expansion indicated above is to be seen in the comparison of the total money in February, 1943, with that at the beginning of the war which follows:

	Aug., 1939	Feb., 1943	Increase Per Cent	
	Millions of Dollars			
Average daily active note circulation.....	207	624	417	208
Average of Canadian bank deposits ....	2,532	3,441	909	36
Total money supply .....	2,739	4,065	1,326	48

Source: Bank of Canada Statistical Summaries

In passing it should be noted that, had there been no price control and rationing, the active demand and growing scarcities of goods characteristic of the last three years, would probably have led to price increases roughly comparable with the increase in the supply of money—even if there were no increase in the velocity of circulation. The fact that no such price increase has taken place is due almost entirely to the measures taken by the government to control prices and ration the essential commodities which are in short supply. It is a tribute to the effectiveness of those measures.

The CHAIRMAN: Plus taxation?

Mr. BUCK: I will agree with you that that should have been there.

Let us look at some of the factors which cause the tremendous expansion of credit and thereby expand the volume of the purchasing power. Salaries and wages are one of the factors but, as the following facts show, they are not by any means the most important.

The biggest factor is government borrowings from the chartered banks. This has taken place to the extent of \$200 millions in October, 1939, \$291 millions during the fiscal year 1940-41, and \$790 millions in the fiscal year 1942-43. During the last three fiscal years, government borrowings (net) from the Bank of Canada were \$349 millions, \$40 millions and \$283 millions respectively. Taken altogether, these several pieces of deliberate credit expansion by the government amounted to more than two billion dollars.\*†

The Hon. Mr. Ilsley drew sharp attention to the inflationary effect of these borrowings from the banks in his recent budget speech. Referring to the fact that the government had borrowed nearly a billion dollars from the banks during the last fiscal year, he said frankly:

\* Above figures from the budget speeches of the Minister of Finance and Bank of Canada Statistical Summaries.

† In addition the government has advanced \$400 millions to the Foreign Exchange Control Board which is also an inflationary factor.

"Most of it is borrowing which I would rather not have done. If the government borrows from individuals, the government spends the money and the individual does not. If the government borrows from the banks, the government spends the money, but the spending of others is not reduced."

I would like to point out that that expresses complete agreement with the very generalized statement of government fiscal policy with which I started this section.

The CHAIRMAN: Yes.

Mr. BUCK:

Obviously the most inflationary factor in Canada to-day is the heavy credit expansion of which the major cause is government borrowing from the banks. Even if one believes that such borrowing is unavoidable, under the circumstances, that does not justify the attempt to blame wage increases for the results.

With relatively full employment and consumption goods in short supply, working class purchasing power is of course a factor; but to ignore the above facts and attribute the main cause of inflation to workers' wages is ridiculous.

There is no good index of wage rates published currently so it is impossible to show the exact change that has taken place in real wages. For the majority of Canadians who work for wages or salaries, real wages, i.e. the things they can buy with their earnings, have declined sharply. Proof of that is to be seen in the fact that the things upon which workers have to spend almost all their wages have gone up most sharply in price while the incomes after taxes of the majority of employees have not increased at all. Indeed, in spite of the fact that a million workers have been drawn into industry and hundreds of thousands of workers are working long hours of overtime, the percentage of the national income that went to wages and salaries in 1942 was actually slightly less than in 1938 when hundreds of thousands of workers were unemployed.

It is sometimes argued in defence of the government's wage policy that wage and salary payments equal about 62 per cent of the total money income of the country. That argument misrepresents the real situation. The sixty-two per cent does not in any way represent the income received by wage-workers as is shown in Appendix A attached to this brief.

Appendix A shows that the wage and salary group which received approximately 62 per cent of the total money income last year numbered 3,071,838 people. Of these a small group numbering only one hundred and sixty thousand received over 22 per cent of the total income of all wage and salary earners. Included in this group there were:—

11,037 individuals who received an average of.....	\$ 30,000
1,072 " " " " " " " .....	99,053
28 " " " " " " " .....	1,200,000
3 " " " " " " " .....	6,000,000

There is an error there, which I have corrected; it should be three instead of six receiving \$6,000,000.

The CHAIRMAN: That is before taxation?

Mr. BUCK: Before income taxes.

Mr. LALANDE: For what year are these figures?

Mr. BUCK: For the fiscal year 1941-42.

If we deduct the salaries received by this small group from the total of wage and salary payments it reduces the figures for average income of the remaining 94 per cent of the wage and salary earners from \$26.15 per week to \$22.93 per week. That is a striking illustration of the low wage level of the great majority of Canadian workers but even that does not tell the entire story.

The incomes of more than forty per cent of Canadian wage and salary earners fall into an even lower average than \$22 per week. One million, three hundred and fifty-nine thousand workers, approximately 44 per cent of all wage and salary earners in the country, received average incomes last year of only the following amounts:—

	Average Income For the Year Per Week	
485,526 heads of families .....	\$908	\$17.46
536,013 unmarried males .....	450	8.65
337,811 unmarried females .....	374	7.19

Mr. COHEN: What is the source of those figures? Do you show that in the appendix?

Mr. BUCK: Yes, and the method by which they were arrived at.

The CHAIRMAN: Those are the figures for 1941?

Mr. BUCK: Yes. I should explain that those are the census figures. Obviously, because of the fact that there is no exact wage index, these figures are all by comparison and estimation.

It is clear, therefore, that the situation with respect to the effect of wage increases upon purchasing power could be indicated by the statement that 44 per cent of the wage and salary earners in Canada receive less than ten per cent of the national income. Certainly that statement would give a more correct picture than the bald statement that wages and salaries constitute 62 per cent of the money income of the nation. The incomes of this large underpaid group of Canadians should be doubled.

I hope you will not think I mean you should assume the responsibility for doubling that immediately. I am only stating the fact that I think it should be doubled.

### *Justified Wage Increases Do Not Cause Inflation*

It is important to emphasize, however, that, as a result of the drawing of more than a million men and women into industrial production, and the expansion of salaried personnel, Canadians who receive wages or salaries earned \$1,600,000,000 more in 1942 than they did in 1939, while the volume of consumers' goods available for them to purchase has not been increased. If the theory that wage increases would break the price ceiling were correct, prices would have increased by about fifty per cent.

Certainly prices have risen, but the most significant thing about the price level is the fact that the increase has been kept under control.

If the theory expounded by the Minister of Labour and Mr. Gordon were correct we should be, even now, in the throes of an inflationary spiral of price increases. But we are not in the midst of such an inflationary spiral, in spite of the fact that the government has borrowed two billion dollars from the banks—which is by far the most dangerous inflationary factor.

Inflationary tendencies have been curbed by the government's restrictive measures.



The most important of the restrictive measures is taxation. Since 1939 taxes have absorbed a rapidly increasing percentage of the potential purchasing power of the country at the following rate:—

## TAXES COLLECTED

1939-40 .....	\$ 468 millions
1940-41 .....	778 "
1941-42 .....	1,561 "
1942-43 .....	2,136 "

The second most effective restrictive action adopted by the government has been large-scale borrowing from the public. These borrowings have absorbed potential purchasing power at the following rate:—

	Gross	Refund	Net
	\$ 383 millions	\$200 millions	\$ 183 millions
1940-41 .....	1,924 "	481 "	1,443 "
1941-42 .....	1,070 "	339 "	731 "

The third type of restrictive action adopted by the government has been:—

Rationing—utilized to only a limited extent as yet; and

Price Control—Price control plus rationing properly enforced, controls the volume of purchasing power expended upon consumer goods. It also acts as a valuable psychological factor, holding down the velocity of circulation by counteracting the temptation to hoard.\*

Through the use of those measures the tendency towards price increase has been curbed. The fact that wage and salary payments are not the decisive factor is illustrated by the following table:

	Aggregate Payrolls June, 1941=100	Cost of living index adjusted to base of 100 for August, 1939
November, 1941 .....	117.3	115.4
March, 1942 .....	119.3	115.0
November, 1942 .....	140.8	117.7
March, 1943 .....	143.2	116.3

Mr. COHEN: You have not allowed in that calculation for the impact of taxation?

Mr. BUCK: No, but not all the money in that increase has been deducted by way of taxation. It does not amount to anything like twenty-five per cent.

Mr. COHEN: I am only suggesting that when you compare the small increase in the cost of living against the much larger increase in payroll, you must deduct from the aggregate payroll that amount which is taken away by taxation.

Mr. BUCK: That is true.

Mr. COHEN: The point you are making is that taking the payroll at 100, it has increased to March, 1943, to 143.2, whereas the cost of living index increased only by 16.3?

Mr. BUCK: Yes.

Mr. COHEN: If you allow for the higher taxation prevailing in March, 1943, it would not make a material difference?

Mr. BUCK: That is the way the figures are given, I do not want to change statistics by estimations.

The CHAIRMAN: I doubt if you could come any closer.

Mr. BUCK: I think we could.

The CHAIRMAN: It would be in favour of your argument, anyway.

\* A certain amount of hoarding of money, partly as a result of the above measures, is also a restrictive factor.

Mr. BUCK: I think we should be very careful about using other figures just to gain an advantage for ourselves by making estimates.

Thus, we see, the cost of living Index for March, 1943, was not quite one point higher than it was when the price ceilings were established in November, 1941. Prices were rising rapidly before the ceilings were established although the increase in aggregate payrolls had not at that time become so pronounced. Since the price ceilings and rationing, even on a limited scale, have been established, the rise has been almost stopped. How has this been accomplished? Has it been possible because the aggregate income of the wage and salary earners has remained at the same level as in November, 1941? The answer to that question is obviously "no" because aggregate payroll of the country increased by no less than 22 per cent.

The fact that the increase resulted from expansion of working forces and overtime does not reduce its purchasing power in the hands of wage and salary earners; on the contrary. If it should be argued that the additional purchasing power is counter-balanced by the additional production made possible by expansion and overtime, the argument simply supports the claim of the wage earners that wage increases commensurate with increased production are not an inflationary factor.

An indication of what can be achieved by rationing and price control measures, properly enforced, is to be seen in the fact that food prices have increased only twenty per cent in Britain during the time that they have risen twenty-seven per cent here and in Britain wages have not been frozen as in Canada.

The following facts are clear:

(a) The proportion of the national income which goes to wages is now smaller than it was in 1939.

(b) The wages received by workers do not determine the prices of the goods that they produce even in a fully competitive market, while in our present war economy prices are established by the Wartime Prices and Trade Board.

(c) Full scale rationing of all necessities and price control, effectively enforced with stringent measures to take up surplus purchasing power in the form of savings (which, in the case of deductions from wages should be acknowledged by a government receipt at each deduction—

My proposition is that a receipt be given for the savings deduction. It is purely psychological. I am not suggesting the government has any intention of beating the workers out of the money, although there are sections of the workers who express skepticism, almost cynicism, when you explain to them that they will receive that money back. What evidence has the man got? Take a man who is now working in an aircraft factory; he may be working in a lumber camp long before the war is finished, and the record of his employment may be lost. There is the case of the man who bought a victory bond in 1919 and was never able to collect it, through his own fault. That might happen to a lot of workers if they do not have receipts or some evidence.

—Will prevent any serious advance in the prices of consumers' goods even if Canadian workers were granted wage increases in proportion to the tremendous increase achieved in their productivity since 1939. It is not the purchasing power of the wage earners, or a reasonable increase in that purchasing power, which constitutes the real danger of inflation, but a growing disproportion between the total quantity of purchasing power in



circulation and the quantity of goods available for sale. All withdrawal of potential purchasing power from competition for those goods (even if loaned to the government only for the duration) helps to counteract that danger.

I would like to digress here and add that goods that are ordinarily purchased by the workers constitute a very small proportion of the goods purchased every year in the country. The production of goods also enters into the problem of inflation, and money spent on other goods is equally inflationary with the money spent on tea or sugar. That is what I mean by universal rationing, that the government should do it rigidly.

(d) There is no close connection between the level of money incomes—especially the level of workers' wages—and the total quantity of money and credit in circulation.

That is a fundamental fact which is completely ignored in the government policy at the present time.

(e) The objective of all the measures in our present wartime economy is, or it should be, the winning of the war. This involves the achievement of the highest possible production. The present wage freezing policy withholds incentives for workers to increase output, tends to undermine industrial relations and, in too many cases, leads to interruption of production. Wage adjustments are necessary and every worker should receive the full cost of living bonus.

(Hearing adjourned until 10.30 a.m., Friday May 28, 1943.)





